

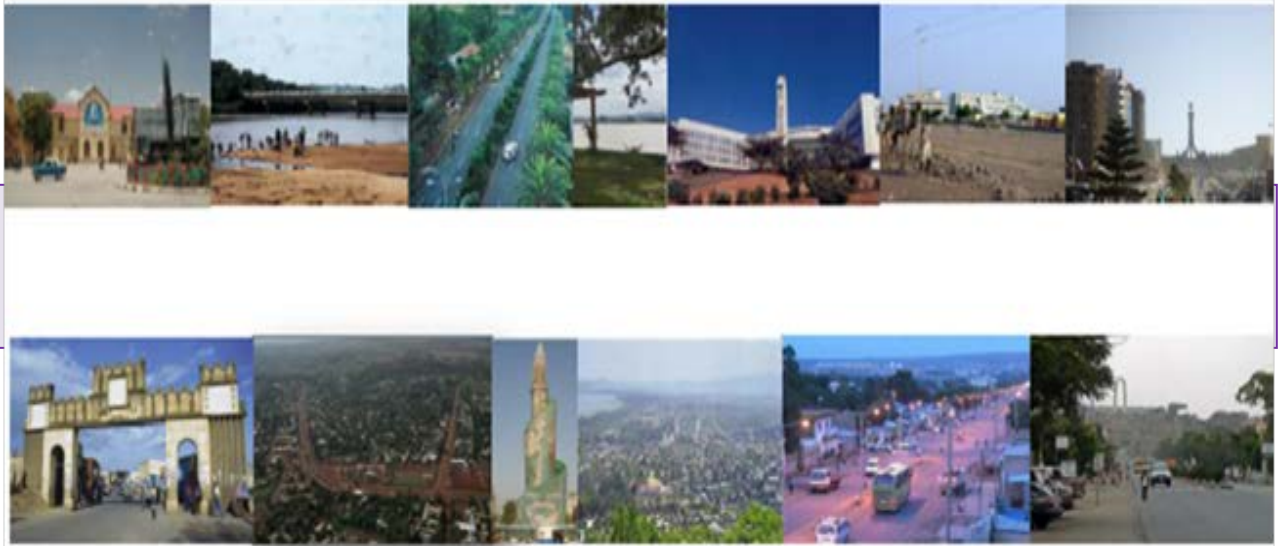


Ministry of Urban Development, Housing
and Construction (MUDHCo)



Ethiopian Civil Service University (ECSU)

2015



June 2015
Addis Ababa



Cities Alliance
Cities Without Slums



UN HABITAT
FOR A BETTER URBAN FUTURE

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STATE OF ETHIOPIAN CITIES REPORT

2015

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ABBREVIATIONS AND ACRONYMS

AACA	Addis Ababa City Administration
AARH	Agency for Administration of Rental Houses
AAWSA	Addis Ababa Water and Sewerage Authority
ACC-UCT	African Centre for Cities-University of Cape Town
AfDB	African Development Bank
ANC	Ante Natal Care/ Clinic
ART	Anti-Retroviral Treatment
BDS	Business Development Services
BPR	Business Process Re-Engineering
CBDSD	Capacity Building for Decentralized Service Delivery
CBE	Commercial Bank of Ethiopia
CBOs	Community Based Organizations
CIP	Capital Investment Plan
CPP	City Product Per Capita
CSRP	Civil Service Reform Programme
CSA	Central Statistical Authority
DDCA	Dire Dawa City Administration
DPPC	Disaster Prevention and Preparedness Commission
E.C.	Ethiopian Calendar
ECA	Ethiopian Cities Association
ECGPI	Ethiopian Cities Growth and Prosperity Initiative
ECSU	Ethiopian Civil Service University
EDHS	Ethiopian Demographic and Health Survey
EEPCO	Ethiopian Electricity Power Corporation
EFY	Ethiopian Financial Year
EHNRI	Ethiopian Health and Nutrition Research Institute
EIA	Ethiopian Investment Agency
ESDP	Education Sector Development Programme
ETB	Ethiopian Birr
FBO	Faith Based Organization
FDI	Foreign Direct Investment
FDRE	Federal Democratic Republic of Ethiopia
FEACC	Federal Ethics and Anti-Corruption Commission
FeMSEDA	Federal Micro and Small Enterprise Development Agency
FUPI	Federal Urban Planning Institute
GAAP	Generally Accepted Accounting Principle
GAMET	Global HIV/AIDS Monitory and Evaluation Team
G.C.	Gregorian Calendar
GDP	Gross Domestic Product
GIS	Geographic Information System
GIZ	German Technical Cooperation
GoE	Government of Ethiopia
GHG	Greenhouse Gas
GTP	Growth and Transformation Plan
HAPCO	HIV/AIDS Prevention and Control Office
HWSSA	Harar Water Supply and Sanitation Service
ICT	Information Communication Technology
IEC	Information Education and Communication
IDP	Integrated Development Planning

IHDP	Integrated Housing Development Program
ILO	International Labour Organization
ILPI	International Logistics Performance Index
ISWM	Integrated and Sustainable Solid waste Management
ITU	International Telecommunication Union
KfW	German Government-Owned Development Bank
l/c/d	Litre Capita Day
LED	Local Economic Development
LIS	Land Information System
LRT	Light Rail Transit
MDG	Millennium Development Goal
MFIs	Micro Finance Institutions
MOE	Ministry of Education
MoFED	Ministry of Finance and Economic Development
MOH	Ministry of Health
MoLSA	Ministry of Labour and Social Affairs
MoYSC	Ministry of Youth, Sports and Culture
MoT	Ministry of Trade
MUDHCo	Ministry of Urban Development Housing and Construction
MSE	Micro and Small Enterprise
MSME	Micro, Small and Medium Enterprises
MW	Mega Watt
NBE	National Bank of Ethiopia
NFE	Non Formal Education
NGO	Non-Governmental Organization
NLFS	National Labour Force Survey
NUDSP	National Urban Development Spatial Plan
OSH	Occupational Safety and Health
PEPFAR	President's Emergency Plan for Aids Relief
PLWHA	Persons Living with HIV/AIDS
PMU	Project Management Unit
PMTCT	Prevention of Mother to Child Transmission of HIV
PSC	Project Steering Committee
PWD	Persons with Disability
R&D	Research and Development
RUPI	Regional Urban Planning Institute
SECR	State of Ethiopian Cities Report
SECRP	State of Ethiopian Cities Report Project
SME	Small and Micro Enterprises
SNNP	Southern Nations Nationalities and Peoples
SPM	Strategic Planning and Management
SWM	Solid Waste Management
SOCA	State of Cities in Africa
TVET	Technical and Vocational Education and Training
UEUS	Urban Employment and Unemployment Survey
ULG	Urban Local Government
ULGDP	Urban Local Government Development Project
UN-Habitat	United Nations Human Settlements Programme
UNICEF	United Nations Children's Fund
UNAIDS	United Nations HIV/AIDS Program
USD	United States Dollar
VCT	Voluntary Counselling and Testing for HIV
WB	World Bank

GLOSSARY OF TERMS

Term	Explanation
<i>Birr</i>	The Birr (ETB) is Ethiopia's currency. The USD – ETB Exchange Rates during the last few years are shown in Appendix B.
<i>Chicka</i> house	Housing unit the walls of which are constructed using wattle and daub.
<i>Chat</i>	The leaves and buds of the chat plant, which is a mild stimulant.
Dergue	The former Ethiopian military-cum-socialist government, which overthrew the imperial regime in February 1974 and that was ousted later in May 1991.
E.C.	The abbreviation EC refers to the Ethiopian Calendar. Ethiopia has its own calendar and the current year at the time of publishing as per the Ethiopian calendar is 2007 EC, which began on September 11, 2014 and will end on September 11, 2015 because it is a Leap Year in Ethiopia. The Ethiopian Fiscal Year (EFY) is from July 8 – July 7.
Gulit	A small basically informal neighbourhood-level open market for retailing basic consumer items.
<i>Idir</i>	A traditional community-based insurance organization established to comfort bereaved families and assist them in covering costs related to traditional funeral ceremonies.
<i>Injera</i>	Traditional leavened bread cooked at home from <i>Teff</i> and/or other cereal crops.
<i>Iqub</i>	A traditional community-based saving and credit association, which involves collection of regular contributions from members and distribution of proceeds on lottery basis.
<i>Kebele</i>	The lowest grassroots administrative unit after the <i>Woreda</i> , which is recognized by both federal and regional constitutions.
<i>Koralios</i>	Group name for door-to-door collectors of recyclable waste items such as bottles, cans, scrap metals and plastics.
Quintal	Unit of weight measurement equivalent to 100 kilograms.
<i>Teff</i>	Small grain cereal which is cultivated almost exclusively in Ethiopia used mainly to make flour to prepare <i>Injera</i> .
<i>Woreda</i>	The next administrative tier after the regional level of government (similar to a district in many other countries). It refers to a local government managed by an elected <i>Woreda</i> -level council.



Message from His Excellency Ato Mekuria Haile, Minister, MUDHCo

Our Ministry has supported the State of Ethiopian Cities Report Project recognizing its immense potential contributions towards promoting the urban agenda in Ethiopia by way of documenting and compiling baseline information on urban realities. This is a vivid testimony for the commitment of the Government of Ethiopia to promote the role of cities as engines of economic growth and overall societal transformation. It is also our strong belief that the State of Ethiopian Cities Report (SECR) will serve as a basis for evidence-based policy making and strategy formulation at various levels towards realizing the delivery of efficient, effective, equitable and environmentally friendly delivery of pro-poor services.

The SECR provides valuable information on 27 selected urban centres comprising the major urban centres in all of the nine regional states as well as the chartered cities of Addis Ababa and Dire Dawa, and the city-level focus it has adopted will be of immense help to cities in terms of further reflecting on their urbanization-related dynamics as well as horizontal learning. The report also takes into account the current and future urban development agendas (pillars) identified as the Ethiopian Cities Sustainable Prosperity Initiative (ECSPI) identified by our Ministry and provides information that can be used as baseline in measuring up progress and changes to be registered in the urban development sector. I would like to take this occasion to congratulate the ECSU and the multi-disciplinary team it mobilized for coming up with the first SECR providing a scan of the country's current urban realities.

Our Ministry is committed to belabour the findings and recommendations of the SECR in its ongoing effort of developing the urban development and housing component of GTP II and establishing a robust performance monitoring and evaluation system. Together with other recent national level studies such as those commissioned by our Ministry including the National Urban Development Spatial Plan as well as other research organizations such as EDRI's "Unlocking the Power of Ethiopia's Cities" and World Bank's "The Ethiopia Urbanization Review," the SECR represents an important addition in terms of providing timely diagnostic analysis of the urban reality that will support the implementation of ECSPI: Building Resilient, Green and Well Governed Cities (2013/14-2025).

I would like to take this opportunity to extend my deepest appreciation to the city administrations and regional bureaus that supported the study by providing data and information as well as their feedback during the various fora that were organized at different stages of the report preparation process. I would also like to acknowledge the efforts exerted by the Project Steering Committee that constituted members from MUDHCo, ECSU, the Ethiopian Cities Association, the World Bank Country Office and the German Technical Agency (GIZ) in terms of providing general guidance to the project's implementation. I would also like to express my gratitude to the Cities Alliance for funding the study as well as members of the Reference Group drawn from the African Centre for Cities, the UN-Habitat and the World Bank for sharing their experiences in due course of the preparation of the SECR.

I look forward for the state of cities process to take root in Ethiopia, as our Government is committed to make a difference in Ethiopia's urban landscape through evidence-based policy making and capacity building interventions.

Mekuria Haile,
Minister, MUDHCo



***Message from His Excellency, Dr. Hailemichael Aberra,
President, ECSU***

ECSU is established with the aim of building capacities in the country's civil service through applied education and training, problem-solving research, need-based consultancy and relevant community outreach programs. Our university, which is uniquely positioned to address urban development related issues, has implemented the SECR project through a Project Office that has mobilized a multi-disciplinary team of professionals commensurate

to the very wide scope of the study that had to encompass the various policy pillars identified by MUDHCo. Most of the staff assigned to work as thematic area coordinators, research assistants and data collection supervisors as well as the post-graduate students deployed to serve as data collectors were drawn from the Institute of Urban Development Studies of our university, and I am happy to witness that the report preparation process provided a unique platform for mutual learning among those who participated in the preparation of the first SECR.

The preparation of the SECR involved identifying and reviewing relevant documents, developing relevant indicators, preparing appropriate data collection tools, collecting data and information from different sources and analyzing the data and information as well as soliciting feedback via several orientation, consultative and validation workshops organized as part of the process. I strongly believe that the findings and recommendations of the SECR can serve as a point of departure for revamping our urban-orientated short-term training and degree programs that target civil servants working in city administrations, regional bureaus for urban development and MUDHCo. They can also be further distilled to generate advice for changes to be made in policies, organizational structures and working systems adopted by the relevant federal, regional and city level institutions. Moreover, the gaps identified in due course of preparing the report in terms of collecting, collating, documenting and sharing of up-to-date and reliable urban data are instructive in taking appropriate capacity building measures in the area of knowledge management. This is a key for evidence-based policy making and strategy formulation in all sectors as well as all levels of government, while it also has a special meaning given ECSU's mandate of building the capacity of the whole civil service in Ethiopia.

I would like to take this occasion to express my heart-felt gratitude to all federal, regional and city level institutions that provided the various data and information used in the preparation of the report as well as valuable feedback and reflections by participating in the various consultative, validation and dissemination workshops. My special appreciation goes to the National Project Coordinator, members of the various study teams and the editorial team. I also note with the deepest appreciation the professional interactions members of the various study teams have had with the Project Steering Committee and the Reference Group. I would also like to take this occasion to recognize the leadership extended to the task of preparing the SECR through H.E. Ato Mekuria Haile, Minister of Urban Development, Housing and Construction. We are indeed delighted to be part of this historic endeavour, which will continue to motivate us to be part of similar collaborative engagements.

Dr. Hailemichael Aberra,
President, ECSU

EXECUTIVE SUMMARY

The state of cities in Ethiopia, while having many similarities with the situation in other cities of developing countries, is the reflection of the specific historical context and the unique features of the country's Federal Constitution (e.g., the Federal Government is expected to provide all rounded-capacity building-related support to cities through regional governments that have law making powers, while land is a public property affecting the way urban land is managed by city administrations). The situation at city level often varies according to their size, location, administrative roles and the characteristics of their hinterlands, which determine the patterns of multi-dimensional urban-urban and rural urban linkages.

The SECR intends to contribute towards promoting the urban agenda in Ethiopia by way of documenting and compiling the current urban realities that will serve as a basis for evidence-based policy making and strategy formulation. The report is the result of collaborative effort of like-minded institutions, which involved identifying and reviewing relevant documents, developing relevant indicators, preparing appropriate data collection tools, collecting data and information from different sources and analyzing the data and information as well as soliciting feedback via several orientation, consultative and validation workshops organized as part of the process.

The SECR provides valuable information on twenty seven urban centres, which are selected by MUDHCo and comprising the major urban centres in all of the nine regional states of the country as well as Addis Ababa and Dire Dawa, which are accorded chartered status as per federal proclamations. The report takes into account the current and future urban development agendas (pillars) identified as the Ethiopian Cities Sustainable Prosperity Initiative (ECSPI) by MUDHCo and provides information that can be used as baseline in measuring up progress and changes to be registered in the urban development sector. Moreover, the report has adopted a city-level focus, which will be of immense help, particularly to cities in terms of further reflecting on their urbanization-related dynamics as well as horizontal learning.

This Executive Summary highlights the major findings and recommendations of the SECR, which are presented in seven interrelated chapters, namely urbanization trends and demographic dynamics; urban productivity; infrastructure, services and the environment; housing provision; inclusion, poverty and safety; planning and land management; and governance and finance.

1. Urbanization Trends and Demographic Dynamics

Based on the 2007 census, the CSA officially had recognized a total of 973 urban centres in Ethiopia. A key feature of the country's urban system is the primacy of Addis Ababa, which was population wise more than ten times larger than the second largest urban centre - Adama - in 2014. This situation underlines the need to promote a spatial development orientated approach, which would contribute towards ensuring a more decentralized settlement pattern and urban development.

On the other hand, the four major regions of Amhara, SNNP, Oromia and Tigray taken together had 806 urban centres (83% of the national total) in 2007, whereas these four regions have reportedly designated 1,426 settlements as urban by 2014 as per their respective city proclamations. This represents an increase by 77 percent in comparison to the number of settlements identified by CSA suggesting the proliferation of urban centres across the various regions of the country, while also underlining the need to come up with a national standard that regions can use to define and grade their urban centres to allow national-level comparability.

Ethiopia's population in 2015 is estimated to be slightly above 90 million from which 19.4% was urban (its total urban population is estimated at 16.7 million), which is one of the lowest even by developing countries' standards. The rate of urbanization, estimated at 3.8% per year between 1994 and 2007, is still high despite its decline from 4.8% during 1984-1994. Recent urbanization related studies, on the other hand, suggest a high growth rate of urban population about 5.4%, which would result in a higher level of urbanization within a relatively short period. This considers a high rate of rural-urban migration and demographic shift because of changes in economic structure that takes into account expected increases in rural productivity and implementation of macro-projects with significant spatial impact.

The expected population growth has its own implications in terms of the need to expand the provision of, among others, basic infrastructure and services such as housing, schools and medical facilities as well as jobs to the ever increasing urban population. The country is already in a demographic transition as it has experienced significant reduction in fertility rates due to widespread family planning practices as well as low mortality rates associated with the expansion of public health services. Adequate heed should be accorded to the quality of social services (e.g., health, education and recreational) to be made available for citizens as this will contribute to human capital formation that would help reap the potential demographic dividend.

2. Urban Productivity

Recent policy pronouncements of the GoE, also reiterated in the various policy and strategy documents developed by MUDHCo, recognize the role of cities as engines of national economic development by serving as hubs of industrial development and fostering rural-urban linkages. According to estimates made employing a methodology developed by the UN-Habitat, Ethiopian cities contribute to close to 40% of the national GDP. Urban productivity is more than double the national average and three times that of the rural. Per capita income exhibited variation across the 27 cities covered by this study depending upon their employment profile and level of economic activity rate. Institutionalizing a system for local GDP accounting should be prioritized by the Government as it would help cities, among others, to identify their vibrant sectors and gauge their revenue basis.

Employment in the informal sector is still dominant reflecting serious shortcomings of the labour market to provide formal employment. The Micro and Small Enterprise (MSE) Development Program that has been under implementation in urban areas contributed to significant reduction in unemployment rate with understandable impact on poverty alleviation. Yet, the current rate of unemployment (17.4% in 2014) is still high, which is more severe among the youth (22.8%) and females (24.1%), while graduate unemployment is an emerging issue to be addressed as evidenced by the recent national labour force survey conducted in 2013. As universities and TVETs exist in all of the 27 urban centres covered by the report, cities should work with these durable institutions so that the relevance and quality of education at all levels would be geared towards the demands of local businesses, which would further contribute to enhancing urban productivity.

The market for the products and services of MSEs was in the main dependent on government projects such as condominium, cobblestone roads and university buildings construction, while the transition of MSEs to medium and large enterprises has been very low. Cities should place the MSE development strategy within the wider context of LED strategy, as this is expected to offer better chance for the sustained growth and transition of MSEs by fostering their forward and backward linkages with medium and large enterprises operating in economic sectors linked to local resource endowments and/or their comparative advantages.

Cities should ensure that the land, infrastructure and finance related needs of existing and potential businesses are catered for. This would require developing industrial zones based on an assessment of their comparative advantage as well as adopting planning approaches that go beyond the case-by-case planning of individual cities. Cities should be adequately empowered to operate as important units of economic decision making and supported to develop their own city development strategies (CDS).

3. Infrastructure, Services and the Environment

Cities have registered significant achievements in terms of expanding the provision of infrastructure and services during the previous years, while they will have to give utmost attention to their further expansion in view of current shortages as well as the ever-increasing demand for such services. This is imperative as the volume, quality and accessibility of infrastructure invariably affects the productivity of existing firms and the capacity of cities to attract new investment thereby their overall productivity.

Roads and Mobility

Cities do not keep up-to-date records on the length, type and condition of roads. Cities seem to focus on the construction of new roads, while the attention they give to their maintenance is generally limited. On the other hand, though walking is a major mode of urban transport, the majority of roads are not pedestrian-friendly leading to traffic accidents and affecting their general usability. A recent positive development is the construction of cobblestone roads, which is observed to have contributed to cities' ambience as well as the development of income generating activities. Cities should give priority to taking inventory of their road infrastructure and adequate heed to their regular maintenance.

Privately managed mini-buses are the most common form of public transport available in Addis Ababa and other larger towns. Three wheeler taxis are the dominant form of public transportation in smaller cities. The availability of city buses is confined in Addis Ababa and few other cities such as Adama, Jimma and Hawassa. The ongoing light rail transit (LRT) in Addis Ababa is a response to the overt need to organize a mass transportation system, while its effectiveness would depend upon, among others, the extent to which it will be integrated with other forms of public transport.

An interesting new development regarding public transport is the commencement of special bus service in Addis Ababa for civil servants. This should only be seen as a short term solution, however, as a lasting solution to the problem would be to introduce city-wide mass transit systems. In identifying a feasible mass transportation system, cities should take into account the size of resident and commuter population, the income structure of the population and their physical setting.

Cities should also promote the integration of land use and transport planning as this would encourage non-motorized transport such as walking by promoting mixed land-use, which contributes to more dense and compact development and hence reducing the demand for public transport. Cities should also improve existing roads to make them pedestrian friendly, while pedestrian walkways should be part and parcel of the design and construction of roads.

Water Supply, Sanitation, Energy and ICT

According to the recent Welfare Monitoring Survey conducted by CSA, the coverage of water supply in most of the urban areas covered by SECR is above 90%. This may conceal frequent interruptions as well as significant wastage (about 30%) that occur in urban water supply systems, which has an impact on urban productivity. Ensuring the sustainability of urban water supply systems requires the

engagement of relevant stakeholders including cities, adjoining urban and rural administrations and higher levels of government.

On the other hand, the sanitation situation in urban areas is grossly inadequate in view of a significant proportion of households without toilet facilities as well as the limited coverage of SWM services and the virtual absence of sewerage systems. This underlines the need to upgrade the availability of basic environmental services both at the household and neighbourhood levels.

Despite huge investments made by the GOE on ICT infrastructure (fixed and mobile telephone and internet) over the past years, the use of ICT is mainly confined to personal communication and basic office applications. Apart from a relatively better application in the banking sector, the use of ICT in the various economic sectors is limited. The application of ICT in urban management is negligible, and cities are encouraged to initiate demand driven office automation measures to achieve efficiency in their services.

There is a gradual switch towards the use of electricity, a renewable source of household energy that would contribute to the realization of clean and green development, but cities are still dependent on traditional sources of household energy (bio-mass sources such as wood and charcoal), which is contributing to their ecological footprint. Moreover, given the importance of electric power for commercial and industrial development, special emphasis should be accorded to the rehabilitation and expansion of electric power distribution networks.

On the other hand, city administrations are yet to come up with systems that would help them achieve amicable coordination in infrastructure service delivery. They can set examples by coordinating the delivery of roads, water supply and drainage networks that are within their mandate. They can also leverage infrastructure coordination through their mandates related to the provision of planning consent and building permits.

Waste Management

Current level of solid waste generation in urban areas is estimated at 0.4 kg. per day, whilst the volume and composition of solid waste generated in cities are expected to increase associated with changes in lifestyles and consumption patterns. Yet, the waste management system currently in place is disposal orientated (i.e., linear system) and this has to change in favour of integrated solid waste management (ISWM) systems that focus on waste minimization, reuse and recycling. The current focus is on the collection of waste to be generated by households, commercial premises and governmental and related institutions, whereas industrial, medical and construction wastes are left to be managed by the generators themselves. Electronic waste, which has hazardous properties, is an emerging waste stream.

Sanitary landfills were recently introduced in Bahir Dar, Mekelle, Hawassa, Dire Dawa and Adama, whereas most cities including Addis Ababa are currently using open landfills. The management of these sanitary landfills is compromised, however, by limited efforts to sort and recycle solid waste. Cities should encourage ISWM, which considers waste as a resource and hence promote waste minimization and reuse that would eventually reduce the pressure on landfills. Cities should consider piloting ISWM systems such as sorting and recycling of solid waste in condominium neighbourhoods as well as universities that can also link it to their educational and research programs.

Regarding liquid waste management, cities depend on septic tanks and are yet to install sewerage networks, whilst it is rivers that are serving as natural sewer-cum-drainage networks. An estimated 7.5% of the built-up area is served by the available sewerage network in Addis Ababa, the only city

with sewer network. This invariably results in pollution of surface and ground water resources as evidenced by the degradation of the ecosystem of Akaki River (Addis Ababa). This problem is likely to be exacerbated as a result of industrial development that is expected to take place in urban areas. Cities should consider installing sewerage networks as part of their re-planning efforts as well as collaborate with adjoining rural and urban administrations to deal with watershed management issues.

Education and Health Services

The GoE has achieved significant expansion in the coverage of education and health services as part of the decentralization process. In case of educational services, the major problems identified include the low level of net enrolment ratio, particularly in high schools, and additional pressure by students that originate from the surrounding rural areas. Apart from raising the awareness of families to send their children to school at the right age, there is a need to establish additional educational facilities considering the student population originating from rural areas.

In case of health facilities, the focus has been disease prevention and hence the construction of health centres. This has contributed to significant improvements in the delivery of health services and reduction in under-five and maternal mortality rates by two thirds between 1990 and 2012. Yet, notwithstanding efforts that had been made to establish new and expand the capacities of existing hospitals, there is a need to encourage the construction of additional government hospitals, particularly in the bigger cities that also cater the demand for such services from adjoining rural areas and nearby urban centres. This is important as private clinics and hospitals that provide curative medical services are generally expensive particularly for the low income families. Cities in collaboration with higher levels of government should make concerted efforts towards the provision of adequate curative health services through hospitals, given the higher order nature of these services and as ensuring the availability of quality and affordable health services is a crucial measure that would contribute towards the liveability and competitiveness of cities.

4. Housing Provision

The lack of comprehensive data on the housing stock is seen as the major constraint for evidence-based policy making. Current housing policies embrace a multi-actor scenario, but the actual focus of city administrations has been the construction of condominium housing under IHDP since 2006. More than 250,000 condominium units have been constructed and distributed under IHDP in the 27 cities covered by SECR. The main challenges faced during the implementation of IHDP include the general preference of residents towards low-storey villa type houses, the slow pace of construction and transfer of condominium units, limited affordability and the resulting ineffective targeting. Cities are encouraged to employ ICT-based systems to improve the selection of beneficiaries for better targeting of subsidies and other forms of support.

The focus on condominium housing, which is also seen as land saving strategy, and the limited supply of land for construction by other actors is reckoned to have resulted in the proliferation of informal housing. Owner occupied housing and informal private rental arrangements - that mostly entail unauthorized modification of existing housing units - are the dominant form of housing provision.

Public rental units owned by *Kebeles*, which were nationalized in the mid 1970's, are found in the worst physical condition due to, among others, low rental levels that could not allow generating sufficient resources to undertake regular maintenance. On the other hand, absence of deed titles and the high cost of construction materials are the major disincentives to improve housing conditions in case of privately owned housing units. Building regulations promote the use of imported construction materials

and has led to the near abandoning of local construction technology in case of formally constructed houses, even though they are widely used in informally constructed units. This underlines the need to promote research and development on indigenous construction technologies a hitherto neglected aspect that should be taken up by the government as one of its interventions in the housing sector.

Redevelopment interventions being carried out in Addis Ababa and to a certain extent in regional capitals are contributing to changes in the image of these cities, while there is a need to give more attention to on-site resettlement and involvement of former residents in the planning and implementation process. This would undoubtedly require building sufficient capacities for undertaking redevelopment interventions consistent with current policies that stress in-situ resettlement and strong participation of residents.

Housing finance needs utmost attention by the Government. Regional governments and chartered cities had to sell government bonds to finance the construction of condominium houses under the Integrated Housing Development Program (IHDP) they implemented, while mortgage finance for condominium units distributed to beneficiaries was arranged by the Commercial Bank of Ethiopia (CBE). Given the momentum of high rate of urbanization and impending changes in the structure of the national economy that would entail significant investment to be financed through different sources as well as the potential roles mortgage banks play in this regard, it is a high time for the government to consider laying the legal frameworks for the establishment of specialized mortgage banks.

5. Inclusion, Poverty and Safety

Inclusion

Given a high level of political commitment to gender empowerment, Ethiopian cities have made significant progress in terms of employing female workers in government offices and co-opting female members into city councils. In terms of empowering women that constitute half of the population, however, the quality of jobs they currently perform as evidenced by their abundance in the informal sector of the economy highlights the long way to go towards this desirable goal. Cities should adopt more inclusive approaches to cater for the development needs of vulnerable groups of the society that also include persons with disability, the elderly, persons living with HIV/AIDS, etc. This would enable to tap the knowledge, experiences and wisdom and hence their human agency towards improving their wellbeing. Inclusion enables their participation in their own affairs thereby expanding their access to social services as well as their economic empowerment. Cities should institutionalize a mechanism to coordinate and leverage the support being provided to vulnerable groups by NGOs.

Poverty

Considering the three poverty indices - incidence, gap and severity - most of the urban areas in Ethiopia including those covered by the report are observed to have exhibited significant improvements over the past years. Despite this encouraging achievement, the extent of poverty in urban areas still deserves serious attention. The poverty situation in some cities like Dire Dawa is found to be deteriorating suggesting the need to design and implement strategies that would help revitalize local economies in these once vibrant cities. Notwithstanding the MSE Development Program that was undertaken with a strong pro-poor focus, poverty alleviation efforts managed by NGOs took place with little coordination by city administrations. The ongoing effort by MUDHCo to develop an urban productive safety net strategy and a ten year program is in the right direction. This strategy will have to be implemented with objectives that are distinct from those of the MSE strategy that should be managed with a more pro-growth orientation. Productive safety nets programs should institute a transparent targeting system.

Safety

The current low level of violent crime in Ethiopian urban centres puts them at comparative advantage than many other African countries. On the other hand, the occurrence of traffic accidents in Ethiopian cities is one of the highest underlining the need to take measures such as construction of pedestrian friendly walkways as well as undertaking concerted public education programs about traffic safety. In addition, building safety is becoming an issue with the construction of multi-storey commercial and residential buildings in Addis Ababa and other major towns. Cities are in the process of establishing offices that will implement the national building code. Regarding disasters, only few of the largest cities have fire fighting brigades, while cities deal with disasters such as fire and floods with a strong voluntarism of their residents. MUDHCo should take the lead in creating the legal framework and preparing working manuals towards institutionalization of disaster preparedness in urban planning. Other areas to be encouraged include cooperation between neighbouring cities (e.g., joint ownership and management of fire fighting trucks) and between cities and adjoining rural areas (e.g., in water shed management activities to protect urban areas from flood hazards).

6. Urban Planning and Land Management

Urban Planning

Urban planning is a basic tool cities employ to ensure orderly and proactive development of various kinds of land uses and infrastructure, including roads and public spaces. Although most cities do have city- wide plans, significant development still takes place outside the purview of planning, which often entails costly demolition of informally constructed structures and reactive provision of infrastructure, a state of affairs that underlines the need to integrate urban planning and land management processes.

The urban plan preparation and implementation strategy, which is recently issued by the MUDHCo, stipulates that 30% of built-up areas of cities should be allocated for public spaces. Yet, cities are deficient in terms of public spaces resulting from under enforcement of plans due to lack of strong sense of ownership on the part of the community as well as the local leadership to spearhead their development and upkeep. Moreover, access to public spaces is increasingly constrained by market driven planning as well as the introduction of entrance fees in case of parks. Cities should embrace public space planning as an integral component of planning and not as an annex to it.

The timely revision and updating of city-wide plans is generally constrained by limited capacity on the part of urban planning institutes under the purview of regional governments and the absence of up-to-date base-maps. The re-planning of these large cities requires utmost attention given their crucial importance in the country's economic transformation. On the other hand, the implementation of urban plans is generally sluggish due to limited technical capacity of city administrations to prepare detail plans and their inability to flexibly implement city plans considering the dynamics of cities.

In consideration of the possibility to accommodate certain types of manufacturing activities within those areas zoned for commercial or mixed development, cities should undertake thorough study on the potential for industrial development to ensure that the designation of industrial zones would reflect the types of manufacturing activities that are likely to be attracted to such arrangements. Other key challenges refer to financial constraints to implement infrastructure projects and limited participation of stakeholders in the planning processes. Unethical behaviours on the part of civil servants as well as interventions by key decision makers have their own impact on the effectiveness of planning.

Concerted efforts should be made to institute transparent and participatory planning processes as well as build urban planning capacities at the various levels of government and within the private sector. Current plans by MUDHCo to re-establish the former Federal Urban Planning Institute (FUPI) as an autonomous institution is expected to contribute to building the capacity required to monitor and evaluate planning operations, identify capacity building gaps and take corrective measures.

Land Management

The capacity of cities to entertain the derived demand for land that accompanies the unprecedented growth of their population is highly constrained by their inadequate urban land management capacity. The absence of full-fledged cadastral systems is impinging upon the capacity of cities to provide land for various purposes, coordinate the provision of infrastructure as well as assess and collect land based revenues. Previous efforts to institute municipal cadastres (land information systems) were in the main supply-driven demonstration projects. They were implemented as mere technical interventions without bringing the political leadership on board that could not be sustained because of the absence of strong capacity to manage the envisaged change, shortage and high turnover of skilled manpower as well as failure to regularly update the system.

Ongoing initiatives by MUDHCo to introduce urban landholding registration in the country's major cities include putting in place the necessary legal frameworks, acquisition of base maps, computers and software as well as capacity building support through short term training and experience sharing. Twenty-one of the towns covered in this report have got new base maps as part of this project, which should be seen as opportunity to streamline land management systems. Cities should immediately embark on taking inventory of land uses, road networks and areas reserved areas for public spaces.

The management of land in urban areas is expected to be guided by the land lease holding proclamation, which is amended twice over the past decade with a view to facilitate its implementation, and associated legal frameworks. Cities are yet to institute transparent and accountable systems for land delivery, which is identified as a major factor that has resulted in the generally limited number of plots to be made available for lease auctions, irregularities in the holding of lease auctions and exorbitant lease prices that invariably constrain the capacity of cities to attract new investment. The limited capacity of city administrations to formally cater the huge demand for residential land has resulted in considerable informality in housing provision. As can be learnt from the experience of cities such as Dire Dawa, cities should adopt a twin track approach to regularize existing informal settlements and pre-empt their further expansion.

On the other hand, cities have been experiencing very fast population growth (currently estimated at 5.4% per year at the national level) and unprecedented horizontal expansion, which results in significant land use conversion from rural to urban. This land use conversion entails the displacement of farming households, which have to give way for new development and hence to be compensated as per existing expropriation related laws. Cities should be supported to develop and/or adopt transparent procedures that would serve as a basis to determine compensation payments as well as additional support to be provided to restore their livelihoods of such families. The increasing pressure on land use conversion also leads to the expansion of informal settlements in urban fringe areas, which necessitate promoting participatory urban planning processes and collaboration between municipal administrations and adjoining rural administrations.

7. Governance and Finance

Urban Governance

Efforts have been made to institutionalize decentralized urban governance in Ethiopian cities during the last two decades within the context of national level decentralization processes. City proclamations issued by regional governments as well as those promulgated by the Federal Government to provide chartered city status for Addis Ababa and Dire Dawa provide for the establishment of elected city councils. Public participation, if managed properly, can leverage the quality of decisions to be passed by city councils as well as their eventual adoption.

Local administrators have sufficient awareness about and motivation to organize public participation fora. There is, however, a scope to improve the effectiveness of public participation through better selection of participants, setting clear agenda, keeping proper records of the proceedings and sharing of the outcomes that will facilitate follow-up actions. The Capital Investment Planning (CIP), which is introduced in towns covered by the urban local government development program (ULGDP), focuses on projects to be financed by the World Bank, while it is not adequately institutionalized.

Regional city proclamations have given cities wider remits in service delivery, which include state functions (which are also provided at regional and federal level) and municipal functions (which refer to services such as waste management to be managed locally). Cities have been engaged in service delivery improvement initiatives. As part of the national civil service reform program, cities have adopted various types of management tools such as strategic planning and management (SPM) and business process re-engineering (BPR). Yet, high turnover of municipal officials and staff affects organizational stability has its own impact on the sustainability of results to be achieved.

There is a need to contextualize the organizational structure of municipalities, which has to be linked to the redefinition of their mandates and service standards. This should serve as a basis in determining the mix of human resources to be deployed, working systems to be adopted and ICTs systems to be instituted to facilitate the flow of information within organizations and beyond. There is also a need to optimize current approaches to training and capacity building by making them demand driven. Cities should forge partnerships with local universities in service delivery improvement programs.

Municipal Finance

Existing financial management related regulations, which are part of city proclamations, allow cities to set local tariffs and identify local revenue basis. Cities are not exercising their fiscal powers to expand and diversify their revenue basis, however, as these are subject to guidance to be provided or approval to be given by regional councils. Upfront lease payments are the major component of locally generated revenues in some cities, but their sustainability is at stake because of the long-term nature of the lease contracts. Irregularities are observed in the collection of municipal own revenues, while many cities still have narrow revenue basis. Cities should be innovative in identifying revenue basis that are linked to their unique economic basis. Cities collect revenues both from sources designated as their own and those that constitute state revenues; only Addis Ababa retains all of the state revenues it collects. Cities are over dependent on transfers from higher levels of government. Apart from widening cities' own revenues basis, there is a need to establish a grant formula to ensure more predictable flow of finance to cities. On the other hand, cities have little experience in promoting PPP approaches, whereas their borrowing capacity is constrained due to lack of prudent financial management systems, which underline the need to step up capacity building support in the management of city finances.

The Way Forward

The report has identified a number of gaps that will have to be addressed if the vision stated in the ECSPI, namely 'to create economically productive, socially inclusive, and environmentally sustainable cities by 2025' is to be realized. The report has suggested the way forward considering the nature of a state of cities process by synthesizing some of the salient features raised as key findings and messages in the various chapters and which include: (a) systematizing the collection, collation, storage and sharing of urban data; (b) using the SECR as an opportunity to reflect on city-wide issues; (c) developing appropriate strategies to harness the potentials of demographic transition; (d) institutionalizing city product measurement system; (e) empowering cities to be on the driver's seat on matters related to urban development; (f) promoting fiscal autonomy of cities to enable them deliver competitive infrastructure; (g) building partnerships between cities and higher education institutions and TVETs; (h) adopting spatial development approaches in city planning processes; (i) following a pragmatic approach in making use of official population estimates; (j) developing city development strategies following inclusive and participatory approaches; (k) ensuring proper targeting of support to be provided to vulnerable groups; (l) harnessing the benefits of institutionalizing full-fledged cadastral systems; (m) building capacity for urban design to make cities productive, inclusive and liveable; and (n) institutionalizing the state of cities report process in Ethiopia.

PREFACE

THE STATE OF ETHIOPIAN CITIES REPORT 2015

The first State of Ethiopian Cities Report (SECR) seeks to achieve both federal and regional government-level as well as city-level objectives. At the federal and regional government level, it aims to generate information on the current realities in the urban sector of Ethiopia. Given this objective, the report is intended to serve as a basis for reflection on existing urban development policies and strategies to enable more specific and accurate calibration of future urban development policies and capacity building support towards the realization of the urban development agenda of the country. At the city level, the SECR is expected to enable more accurate identification and prioritization of urban development needs, leading to the crafting of context-specific city development strategies as well as facilitating benchmarking and horizontal learning among urban centres. The SECR provides information on urban trends and current state of urban affairs in Ethiopia focusing on 27 selected urban centres, which is based on both primary and secondary data obtained from central institutions, cities and relevant stakeholders.

The Project Office of the SECR established by the Ethiopian Civil Service University (ECSU) deployed multi-disciplinary teams - led by thematic area coordinators - for five broad thematic areas identified by grouping the following ten urban development policy pillars identified by the Ministry of Urban Development Housing and Construction (MUDHCo): population dynamics; urban infrastructure and services; urban productivity; housing provision; urban environment; inclusive and safer cities development; urban planning; land management; urban governance; and municipal finance. The teams embarked on a variety of tasks leading to the finalization of the SECR. The first was the identification and review of documents that fed into the development of draft indicators and their refinement after a consultative workshop. This was followed by the development of data collection instruments, fielding of data collectors to conduct the collection of secondary data from the 27 towns, analysis of collected data and the write-up of the report.

The report has benefited from feedback obtained from different workshops and special sessions. Based on zero draft reports submitted by the various teams, a consolidated report was prepared and presented to the Project Steering Committee (PSC) in a workshop organized by MUDHCo. Based on the feedback obtained from the workshop, the teams embarked on further refining the zero drafts that culminated in the production of the first consolidated draft report, which was subjected to another validation workshop from which further ideas emerged for enhancing the report. A more refined version of the draft report was also presented to the Mini-Cabinet of MUDHCo chaired by His Excellency, the Minister and comprising key officials and experts who gave their feedback for further refinement. This final report incorporates all the feedbacks that were obtained from the various workshops and special sessions.

This report is a result of the relentless efforts made by the Project Office to put the working papers produced by the various teams into one consolidated report organized under the following seven chapters: Urbanization Trends and Population Dynamics; Urban Productivity; Infrastructure, Services and Environment; Housing Provision; Inclusion, Poverty and Safety; Urban Planning and Land Management; Governance and Finance. Each of the chapters provides a chapter overview, discussion of the main findings and policy implications or key messages directed at policy makers, city administrations and related Housing stakeholders.

COLLABORATING PARTNER INSTITUTIONS

The State of Ethiopian Cities Report Project (SECRP), which is implemented through ECSU that hosted the Project Management Unit (PMU), was funded by the Cities Alliance. General guidance was provided by a Project Steering Committee (PSC) established by MUDHCo and that constituted members from the Ministry, ECSU, the Ethiopian Cities Association (ECA), the World Bank Country Office, and the German Technical Agency (GIZ). In addition, members of a Reference Group (RG) established by drawing members from the World Bank (WB), the African Centre for Cities - University of Cape Town (ACC-UCT) - and UN-Habitat, provided professional inputs and feedback at different stages of the project.

The city administrations covered by the project and regional bureaus for urban development have provided valuable support that were instrumental in facilitating the successful execution of the project. The city administrations assigned focal persons who coordinated the logistical support needed by the data collection teams. Regional bureaus of urban development, especially those in the emerging regions of Afar, Benishangul-Gumuz and Somali, made accessible available city level data. Both the city administrations and the regional bureaus have also sent their delegates to the various consultative and validation workshops organized in due course of the report preparation process.

The commitment of the ECSU to serve as the PMU that executed the project is a continuation of its longstanding partnership and collaboration with MUDHCo in organizing undergraduate and postgraduate educational as well as short-term training programmes. ECSU deployed its academic staff who served in various capacities during the different stages of the project including its post-graduate students who worked as data collectors. The Ministry, as an arm of the Federal Government entrusted with mandates pertaining to the provision of capacity-building related support to city administrations through regional bureaus, offered the overall direction throughout the implementation of the project through the PSC it established as per the project terms of reference.

MUDHCo served both as Chairperson and Secretary of the PSC that drew its members from ECSU, ECA, WB and GIZ. ECSU was represented in the PSC through its Academic Vice President. The role of ECA, an institution still in its infancy, was confined to its representation through its director as a member of the PSC. Likewise, the GIZ ULGDP Team attached to the Ministry was represented in the PSC, and it made available some project documents. Members of the PSC, which also included a representative from World Bank's Addis Ababa Office, had also participated in the various orientation, consultative and validation workshops.

Through video and teleconferences that constituted both group and bi-lateral meetings members of the RG were able to interact with project team members. This provided an opportunity for mutual learning whereby the study team was able to benefit from the rich experiences of these resource persons in urban orientated studies in general and state of cities processes in particular. The Cities Alliance through its Task Team Leader (TTL) based at the World Bank's Head Quarters managed the project executed by the ECSU that served as the PMU. The African Centre for Cities - University of Cape Town (ACC-UCT) has been a major partner since the inception of the SECRP as part of the State of Cities in Africa (SOCA) project. ACC was also helpful in organizing horizontal learning opportunities for the national team via video conferences and collaborative research initiatives in the context of SOCA as well as other state of cities related experiences in South Africa, Tanzania and Brazil. UN-Habitat, which has rich experience in the preparation of state of cities reports and other similar documents, provided valuable technical support during the selection of indicators, organization of data for analysis as well as report writing and the preparation of the statistical almanac.

RATIONALE, OBJECTIVES AND AUDIENCES OF THE REPORT

REPORT RATIONALE

Although starting from a relatively low level of urbanization, Ethiopia has been experiencing a very fast rate of urbanization during the last couple of decades that has resulted in, among others, significant transformation of its urban landscape. The changes were due, in part, to the country's significant shift towards policies that stimulated urban development. This is exemplified by the decisive shift from a policy framework hitherto inclined towards rural development to one that embraces and harnesses the inexorable process of urbanization. The new policy shift has been giving due recognition to the potential roles urban centres play as engines of national growth and development, and it was deeply embedded in the Plan for Accelerated and Sustained Development to End Poverty (PASDEP) and, more recently, in the current Growth and Transformation Plan (GTP).

Ethiopia's total population in 2015 was slightly above 90 million from which 19.4% was urban, with its total urban population estimated at 16.7 million. The country has one of the highest rates of urbanization, estimated at 3.8% per annum between 1994 and 2007, and which has been estimated to have increased between 5.4 and 5.6% per annum since then mainly as a result of unprecedented rural-urban migration associated with shifts in demographic and economic structures. This, among other factors, is causing a significant transformation of the urban landscape whereby secondary cities are exhibiting the fastest population growth, although Addis Ababa continues to be the primate city. The secondary cities that mainly constitute the regional administrative centres have benefitted from infrastructure and related investments that followed their designation as regional capitals.

The basically administrative services-based economic foundations of secondary cities are being augmented by manufacturing and new service orientated functions such as tourism and higher education. Their economic diversification has resulted in marked transformation of the roles these cities now play in the national urban system. Likewise, small urban centres are experiencing momentous economic consolidation associated with their ever-increasing roles in the delivery of decentralized services to the rural and peri-urban populations. This trend is expected to be further consolidated due to heightened appreciation by the government of the roles small urban centres play in buttressing and promoting rural development.

The fast urbanization in Ethiopia poses both challenges and opportunities for the performance of urban centres within the context of the ongoing changes in the Country's socio-economic and political landscape. It is this state of affairs that the state of cities process intends to properly document with the view to informing urban development policies and strategies to be adopted in future as well as capacity building support to be provided to urban centres by both regional and Federal governments.

REPORT OBJECTIVES

The SECR sought to address the following general and specific objectives, which also take into account the rationale outlined above and the audiences of the report.

GENERAL OBJECTIVES

The State of Ethiopian Cities Report (SECR) was conceived with federal, regional and city level objectives. At federal and regional governments' level, the SECR aims to serve as a source of information about the current realities in the urban sector given the high rate of urbanization in the country. Such information would serve as the basis for calibrating urban development policies, strategies and practices with the view to more accurately determine capacity building support to be provided to the country's urban centres to facilitate attainment of sustainable urban development policy goals. At city level, it is expected that the data compiled will serve as a starting point to identify, reflect

on, and prioritize key urban development issues, hence enabling the crafting of context-specific, workable and sustainable city development strategies. The exercise should also serve the purpose of best practice formulation and benchmarking as well as horizontal learning among urban centres.

SPECIFIC OBJECTIVES

The specific objectives of SECR are to provide reliable, consistent and comparable data that would help answer the following interrelated questions on Ethiopian urban centres: What is the current state of the urban centres right now? What is the desirable state the urban centres should aspire to attain in the medium to long term? What strategies could be applied for urban centres to reach the desired state? What appropriate mechanisms can be deployed to gauge whether the urban centres have reached the expected level? Given the above questions, the SECR therefore had focused on the following:

Stocktaking and Analysis of Urban Trends: This was meant to identify the overall trends in urbanization in the country as part of the process of answering the question regarding the current status of Ethiopia's cities. Thus the data collection took the form of a stocktaking exercise that revealed recent urbanization related trends as well as current urban realities with the intention of better informing future decision making with regards to design and implementation of strategies to address identified gaps.

Strategic Vision and Policies: The report is also meant to serve as a basis to develop a shared vision of urban Ethiopia in the medium to long term. The common vision would be indicative of the necessary policy framework Ethiopia needs to meet its needs and aspirations in the urban arena. This vision would translate into well-targeted and demand-driven urban policy frameworks, interventions and practices responsive to the multiplicity of urban constituencies.

Implementation Strategies: In addressing the question of the most appropriate ways of achieving the common vision, it is believed that the SECR will also make a modest contribution towards inclusive and participatory national, regional and city-level policy and strategy formulation and implementation processes. This would inevitably require developing and implementing strategies that will promote effective, efficient, inclusive and participatory urban governance resonant with the expectations of the citizens. It also entails frameworks that are accountable, transparent and responsive. Thus, the data compiled into the SECR is believed to provide opportunities for documenting good urban management practices and fostering learning among both, practitioners and policy makers.

Monitoring and Evaluating Progress: To be able to gauge if urban centres are optimally meeting the expectations of stakeholders, it would be necessary to design and implement articulate mechanisms of keeping tabs on the developments as they unfold in the cities within the set timeframes and according to expected quality standards. It is hoped that the report will serve as a springboard for the collection and collation of relevant operational and strategic level data to enable regular monitoring and evaluation of progress towards sustainable urban development and benefit from urbanization processes.

AUDIENCES OF THE REPORT

The report was conceived with a multiplicity of internal and external audiences in mind including:

- City administrations that are under constant pressure to improve their working methods to deliver better standards of infrastructure and services to their constituencies that include residents, local businesses and non-state actors;
- Federal and regional governments that have to reflect on and reorient urban development related policies and strategies in response to evolving dynamics of the inevitable process of urbanization;
- Local urban-orientated community-based organizations (CBOs), non-governmental organizations (NGOs) and civic associations dealing with a variety of urban development-related issues; and

- The international community that include scholars, development partners, investors, etc. who have interest to better understand and support Ethiopia's urbanization processes and its management.

METHODOLOGY OF THE SECR PROCESS

The methodology employed in the SECR process touched upon several issues including determination of the thematic scope of the report, selection of towns covered by the study, identification of key indicators and preparation of data collection instruments, collection of city level data as well as data analysis and report writing. The methodology also emphasized building capacity for the institutionalization of the state of cities process in Ethiopia, whereby the PSC, constituting key project partners, provided the overall guidance to the PMU. Moreover, the multi-disciplinary teams deployed by the Project Office had productive interactions with members of the RG, which helped in blending the international experience into this first attempt to prepare the first State of Ethiopian Cities Report. A number of consultative and validation workshops were also organized at the different stages of the report preparation, which were attended by city, regional and national level stakeholders as well as other resource persons that invariably enriched the process and its outcomes.

SELECTION OF THEMES AND CITIES FOR SECR

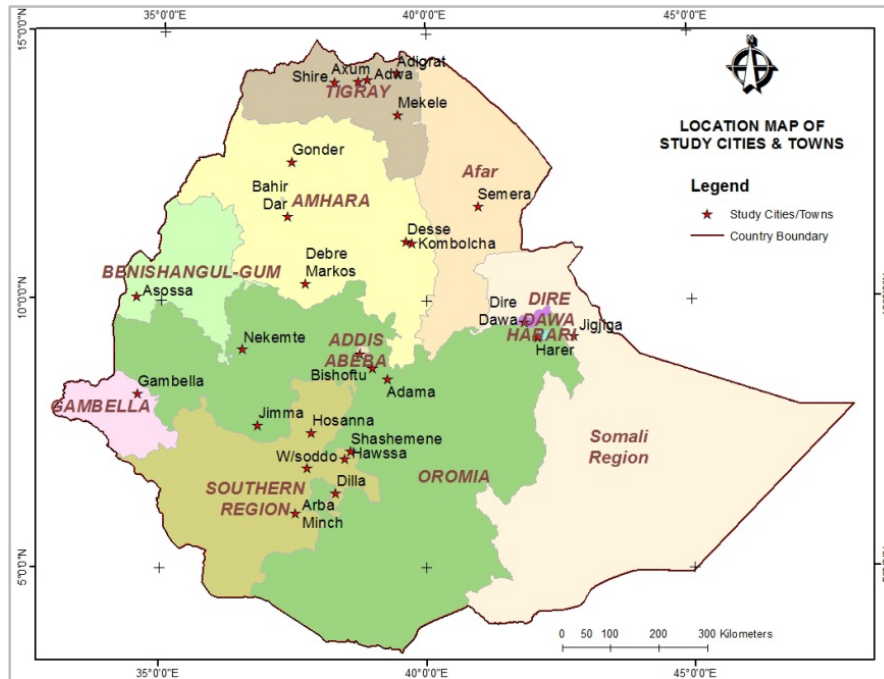
The MUDHCo through the PSC had endorsed the thematic areas and the city administrations to be covered by SECRP. This was based on the frameworks outlined in the country-level GTP, 2010/11-2014/15, which explains the role of cities in national urban development and the vision to bring the country into the level of middle income countries by the year 2025. Selection of themes was also based on the policy pillars of MUDHCo as elaborated in the ECSPI: *Building Green Resilient and Well Governed Cities 2013/14-2025*. Lessons were also drawn from similar experiences in preparing 'state of cities reports' from South Africa and Tanzania.

On the other hand, a total of 27 cities were purposively selected for coverage by the study. Although the total number of towns may appear big compared to the actual number of towns covered in state of cities processes implemented elsewhere in Africa and Latin America, this is understandable given the size of the country. The list of selected towns includes all the large towns in Ethiopia, including Addis Ababa, Dire Dawa and the administrative capitals of all regional governments, home to almost two thirds of the national urban population. The selected towns are those where the Government of Ethiopia (GoE) has been implementing urban development orientated programmes and projects in collaboration with development partners like the WB, GIZ and German Government-Owned Development Bank (KfW). All the selected towns are also members of the recently established ECA. They can be taken as fairly representative of the major towns, although small towns are not fully represented.

SELECTION OF INDICATORS AND PREPARATION OF DATA COLLECTION INSTRUMENTS

The indicators used during the preparation of the report were developed considering the thematic areas selected for inclusion in the report. Iterative consultations, which involved in-house discussions, interactions with the RG and a consultative workshop attended by relevant national, regional and city-level stakeholders enabled the various study teams to identify and sharpen indicators taking into account manageability, clarity, specificity, practicability, as well as the unique national and urban contexts of Ethiopia. The preparation of data collection instruments, which were used to collect data and information from the 27 cities covered by the Report, was undertaken based on the list of indicators identified for each of the broad thematic areas.

MAP 0-1: LOCATION MAP OF THE 27 CITIES



Source: SECR, 2014

COLLECTION OF CITY-LEVEL AND ADDITIONAL DATA

Given the constraints of time and finance to conduct primary surveys, the focus of the SECR process has been on secondary data to be obtained from central sources and administrative data kept by city administrations. As to data obtained from central sources, teams were able to identify and collate data related to the key indicators from reports on results of censuses and surveys conducted by the CSA as well as other organizations like the Ethio-Telecom.

As not all data was obtainable from central sources, post-graduate students were deployed to the project towns after getting focussed training about the purpose of the SECR and the data collection tools. This was timed with a one-day orientation workshop with representatives of the cities covered by the study about the purpose of the project, the indicators developed and the data collection instruments as well as the support expected from city administrations during the data collection.

Additional data was mined from documents obtained from different sources including the internet such as research reports, journal articles and featured magazine articles that also provided additional insightful information on some of the topics. Use was also made of the information collected through direct observation and interviews with key officials and experts working in relevant city, regional and federal institutions, which was instrumental during interpretation and report writing.

DATA ANALYSIS AND REPORT WRITING

The Project Office deployed a data management team comprising a statistician, a data manager and data encoders to facilitate computerized processing of data collected from different sources. A team of Geographic Information System (GIS) analysts was also deployed to conduct analysis of available spatial data from master plan related documents and satellite images. The thematic area coordinators and research assistants took the main responsibility of interpreting the data and preparing working papers that fed into the preparation of this consolidated report by the editorial team.

Both quantitative and qualitative analyses were undertaken on available city-level data obtained from different sources to identify patterns and trends as regards the various indicators and variables identified in due course of the study. Beyond that, the available data were compared across cities and, where possible, put in the international context. Triangulation and making best use of available data was in-built in the data analysis, interpretation and report write-up. In this respect, there were iterative team and project level meetings, group-based and bilateral interactions between the various teams and the RG as well as consultative and validation workshops involving relevant stakeholders, which were instrumental to sharpen the findings and bring analyses to a more critical level.

Given that several important findings and issues regarding the country's urban narratives were emerging from the analyses conducted on the available city-level data, the respective teams and the editorial team also had to make additional desk-based research to support the urban narratives as well as to respond to various feedback that were obtained at different stages of the report writing process. The materials reviewed broadly included recent publications on urban orientated policies and strategies adopted by the government, consultant reports on studies commissioned by MUDHCo, the World Bank and other agencies as well as published research articles. This enabled the editorial team to distil several policy implications and key messages as well as to put some of them in the international perspective that helped articulate the way forward that will definitely have a bearing on the inevitable process of rapid urbanization the country currently experiencing.

LIMITATIONS OF THE REPORT

Given the large number of towns covered by the study and the limited budget allocated to the project, the focus has been on collecting secondary data from central sources and administrative records kept by city-level offices. Some of the data could only be obtained from census-based sources, whereas the last census was conducted in 2007. Some of the recent surveys conducted by the CSA were covering only a portion of the 27 towns. The coverage of the data was not always as desired as not all cities were able to provide them. In addition, the project document presumed availability of secondary data already documented in connection with the donor-supported programmes and projects implemented that could be mined for project related information, whereas not all of such documents were readily accessible. Moreover, the GIS analyses conducted as part of the process had to rely on land use proposals of current city-wide plans as cities do not undertake regular updating of their land uses. Most cities do not have functional and regularly updated land information systems, while land use inventories are undertaken as one-off exercises during the revision of city-wide master plans. All of these rendered making comparisons across all the 27 cities a challenging exercise, while analysis could not be done on some of the variables for which reliable and comparable data could not be obtained. In general, the current state of affairs regarding the data environment, namely the capture, storage and sharing of urban data has had its own impact on the coverage and quality of data that could be collected and analyzed to feed into the first SECR. As highlighted in the way forward, this is one of the issues the MUDHCo can take up as one of the critical issues to be addressed as part of the second Growth and Transformation Plan (GTP2) that is under preparation.

Disclaimer: While every effort is made to ensure the accuracy of the information provided in the State of Ethiopian Cities Report 2015, most of which is based on multitude of secondary sources, neither the ECSU nor the various partners that supported the study accept no liability or responsibility for any unwarranted outcomes due to any errors or omissions in the content of the report or caused by reliance on information provided in the report. Users are therefore advised to check any information provided in this report before acting or relying on it.

STRUCTURE OF THE REPORT

The report is organized under seven chapters that deal with interrelated topics of urbanization trends and demographic dynamics; urban productivity; infrastructure, services and the environment; housing provision; inclusion, poverty and safety; planning and land management; and governance and finance.

The **first** chapter highlights the main features of the country's urban system and the demographic dynamics of the urban population. The various issues addressed in this chapter have a bearing on those discussed in the subsequent chapters, particularly chapters 2 and 3, which require reorganizing the urban settlement pattern in a manner it will contribute to increased level of urban productivity as well as entertaining the demand for infrastructure and services including waste management.

The **second** chapter deals with urban productivity, which is of critical importance for cities to play their potential roles as engines of national economic growth. Urban productivity is all about harnessing the potential for agglomeration economies from higher economic density in urban areas that emanates from the location of diverse economic activities in the same area.

The focus of the **third** chapter, on the other hand, is the availability of infrastructure, services and the environment. The interdependence between chapters 2 and 3 is evident as urban productivity is affected by the availability of physical infrastructure as well as the quality of life and human capital that are contingent upon the availability and level of social services such as health, education and recreation.

The **fourth** chapter dwells on housing provision, which has both social, economic and governance related ramifications. The satisfaction of housing, which is a basic social need, would contribute to urban productivity by affecting human capital. Housing has also economic significance by leveraging income-generating activities in settlements characterized by social diversity. Ensuring adequate provision of housing will also enhance social capital, which in turn will have governance related outcomes as it affects the interest and motivation of residents to participate in the governance affairs of their cities.

The **fifth** chapter deals with inclusion, poverty and safety in view of the need to address the plight of the vulnerable groups of the society that might otherwise be excluded from the benefits of making cities more productive as well as the expansion of basic infrastructure and services including housing that will invariably have strong bearing on the achievement of good urban governance.

The **sixth** chapter focuses on urban planning and land management, which have a strong bearing on ensuring the productivity of urban centres by way of maximizing the advantages of agglomeration through the coordinated provision of infrastructure and services in a manner that would also ensure the safety of residents and businesses. Effective land use planning and land management facilitate the possibility of reaping the advantages of economic density that comes with the location of interrelated activities in one place and minimizing diseconomies such as congestion and environmental pollution.

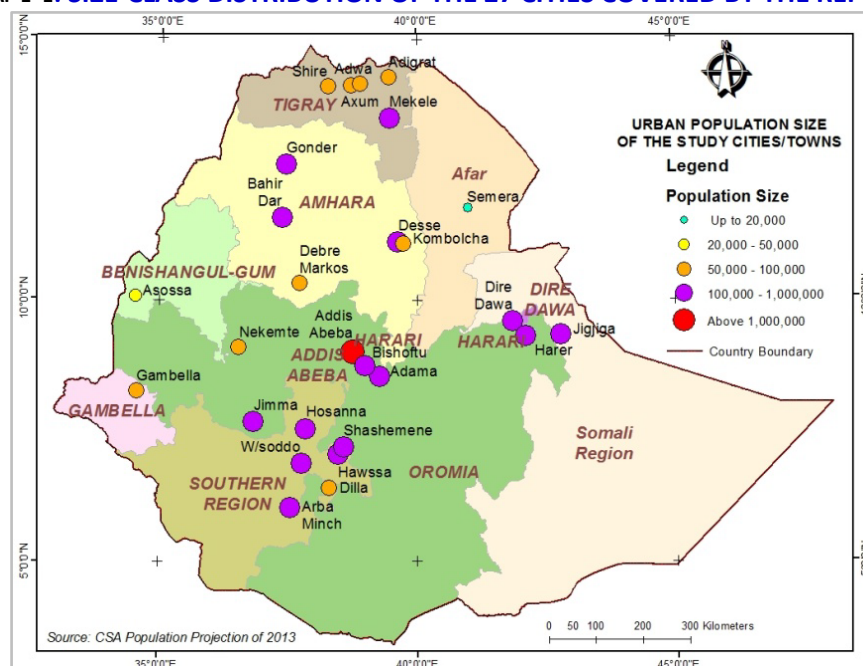
The discussions in the **seventh** and final chapter highlight the importance of good governance and finance in making cities more productive and liveable. Good governance among others implies the autonomous operation of cities that would contribute to their capacity to generate sufficient resources to provide cheaper and reliable infrastructure and services to residents and businesses. This in particular would promote the expansion of new investment, which would contribute towards ensuring the competitiveness of Ethiopian cities both at the national and international levels.

1 POPULATION DYNAMICS AND URBANIZATION TRENDS

1.1 OVERVIEW

The purpose of this first chapter is to facilitate an understanding of the population dynamics and trends of urbanization in Ethiopia by using selected demographic indicators. This chapter while offering information on the national context focuses on the 27 urban centres makes use of data obtained from census reports as well as projections made by the CSA and other recent studies. Starting with a focus on the population of these growing agglomerations, the chapter describes the key trends and challenges in Ethiopian cities, while providing context for the study's key arguments and conclusions. First, it provides an overview of the Ethiopian urban system from the perspective of population dynamics and the geographic distribution of urban centres. Second, it presents an examination of the characteristics of urban populations in Ethiopia including their composition and growth rates, while also reflecting on human development indicators such as literacy and child mortality to afford some insight into the socio-economic status of urban residents. The chapter ends with an exposé of some of the implications of the demographic transition the country is currently undergoing as well as the projections made on the urban population and their anticipated impact on the future of Ethiopian cities.

MAP 1- 1: SIZE-CLASS DISTRIBUTION OF THE 27 CITIES COVERED BY THE REPORT



Source: SECR, 2014

1.2 THE ETHIOPIAN URBAN SYSTEM

Available literature on the history of urbanization in Ethiopia shows that Axum, Lalibela and Gondar are the only ancient urban centres that still exist. Although urbanization processes took place prior to the 20th century, most of the towns vanished due to geographical, political and economic factors (NUPI, 1997). Most were “wandering” capitals and, as the history of Addis

Ababa demonstrates, their sustainability depended on the availability of continuous supply of fuel and construction wood. As a result, Ethiopia had few urban centres before the 20th century when the country began to undergo modern urbanization. This process was part of the establishment of a modern centralized state under Emperor Menelik II through which Addis Ababa was established as the national capital. Several towns emerged as a result of construction of roads radiating from Addis Ababa into the hinterland.

The subsequent years saw the establishment of urban centres mainly serving as administrative outposts, but also attracted trade and service orientated activities. The construction of the Addis Ababa-Djibouti railway at the start of the 20th century had given impetus to the establishment of several urban centres (such as Dire Dawa) that started as transport outposts. Similarly, the construction of modern highways radiating from Addis Ababa during the five year Italian occupation and since then further contributed for the establishment of new urban centres in different regions of the country. The establishment of commercial agriculture (production of cotton, sugar and horticultural products) and associated agro-industries in the 1960's boosted the growth urban centres such as Nazareth (Adama) within the rift valley and other parts of the country (Humera). The establishment of regional planning commissions and the promotion of state-led industrial development in the 1980s under the socialist regime had contributed to the expansion of towns such as Hawassa, Bahir Dar and Dessie/Kombolcha.

However, the level of urbanization remained low until recent decades that saw the expansion of road and telecommunications infrastructure and the country's multi-faceted participation in the global arena. The country's level of urbanization was about 5% in the 1950s, and only reached 10% in the 1970s (Dorosh, 2011). By 1984, when the first census was conducted, the level of urbanization was about 13%. The level of urbanization is estimated at 19% in 2014 having grown by 6% between 1984 and 2013, reflecting an average increase of 2% in the level of urbanization per decade.

1.2.1 CHARACTERISTICS OF ETHIOPIAN URBAN CENTRES

Based on the 2007 census, the total number of urban centres officially recognized by the CSA was 973. According to Ethiopian urban planning law, an urban centre is a locality with a minimum population size of 2000 inhabitants, 50% of whom are engaged in non-agricultural activities. On the other hand, the CSA simply considers administrative status to define urban centres, i.e., regional, zonal and *Woreda* capitals regardless of population size. Regional distribution in the number of urban centres has been unevenly distributed, whilst there are also sub-national units with only one major urban centre, including Harari National Regional State as well as Dire Dawa and Addis Ababa city administrations.

The number of settlements developing the characteristics of urban settlements (i.e., concentration of population, diversification of economic activities and availability of infrastructure and services) is expected to be increasing since the 2007 census due to a number of factors. These include, among others, the decentralization of government and basic physical and social infrastructure and services (such as roads, schools and health centres) as well as the expansion of non-agricultural service orientated activities, interventions that were mainly aimed at ensuring reliable supply of rural products to urban markets as well as non-agricultural goods and services to the rural population.

Given the increase in the number of urban settlements from 648 in 1984, to 922 in 1994 and to 973 in 2007, one would expect a larger number of settlements to be officially recognized as urban during the next census to be conducted by the CSA (CSA, 1991, 1998, 2008). According to information obtained from MUDHCo's Statistics Department and that refers to the situation

in 2014, the number of settlements recognized as urban by the Amhara (421), Oromia (600), SNNP (304) and Tigray (101) regional (Cf. their respective city proclamations), is considerably higher than the figures that are based on the results of the census conducted in 2007.¹

1.2.2 CLASSIFICATION OF ETHIOPIAN URBAN CENTRES

The Structure Plan Manual prepared by MUDHCo categorizes urban centres into “small” and “large” towns based on population size the cut-off point being 20,000. As Table 1-1 shows, the majority of towns constituting about 88% of the entire urban centres of the country identified during the 2007 census were small (CSA, 2008). While the proportion of large towns is on the increase, that of small towns is on the decline. The proportion of small towns which was 96% in 1984 has declined to 88% in 2007, whereas the proportion of large towns has grown from 4% in 1984 to about 12% in 2013. Many small towns are evolving to large town status as a result of population increase that is associated with increased provision of urban infrastructure and services that accompanied the administrative decentralization process.

Table 1-1 Size-Class Distribution of Urban Centres (1984, 1994 and 2007)

Size Classification	1984		1994		2007	
	Number	%	Number	%	Number*	%
<5000	511	78.9	683	74.0	395	40.6
5000-19999	111	17.1	187	19.9	457	47.0
20000-99999	24	3.7	48	5.3	104	10.7
100000-249999	1	0.2	3	0.3	12	1.2
>249999	1	0.1	1	0.1	4	0.4
Total	648	100.0	922	100.0	972	100.0

Source: Computation based on CSA (1991), CSA (1998) and CSA (2008).

Although the proportion of large towns in the country in 2007 was still small (12%), these towns still constitute a considerable proportion of the Country’s total urban population. The increase in the number of large towns between 1984 and 2007 signifies a persistent trend in the transition of small towns into large ones. This suggests a strong trend of agglomeration in the Ethiopian urban system that has significant implications to the productivity of urban centres, which is further discussed in chapter two that dwells on productivity.

Among the large towns with population size of 20,000 and above, only 16 have population of 100,000 and above. The total population of the 16 urban centres forms close to 40% of the total urban population of the country (Table 1-1), while the share of Addis Ababa out of the national population has declined from about 15% in 1984 to 11% in 2013. Similarly, the proportion of Addis Ababa’s population out of the total urban population in the country has also declined from 32% in 1984 to 21% in 2013; a situation partially attributable to the emergence of new regional capitals also beginning to attract prospective migrants. The deepening of administrative decentralization and the establishment of universities in regional and zonal administrative capitals during the last two decades among others are contributing towards the reduction of rural- urban migration towards Addis Ababa although it continues to experience significant inflows. The mega projects currently under implementation – hydro-

¹ At the time of writing, MUDHCo did not receive information from the remaining regions about the number of settlements they might have designated as urban centres. The designation of settlements as urban by regional governments suggests among others the need to follow a common guideline in the definition and categorization of urban centres both at the national and regional levels, particularly in consideration of the expected increase in the number of new settlements that will grow into urban settlements between any two censuses.

electric dams, sugar estates, fertilizer industries and railway lines – are expected to further consolidate this process.

1.3 BASIC DEMOGRAPHIC CHARACTERISTICS

This section presents the results of the assessment made at national, regional and urban levels on population characteristics, in terms of population size, age and sex composition. It concludes with a comment on some the projections recently made on the urban population within the context of future urbanization of the country.

1.3.1 POPULATION SIZE

The total national population was increasing by an average of 1,361,000 persons per year during the period between the first and second censuses conducted in 1984 and 1994 (Table 1-2). The annual increase grew to about 1,559,500 between the second and the third censuses. Since 1984, the national population grew by 48,083,428 to 87,952,000 in 2014 (CSA, 1991, 1998, 2008 and 2013d). While the share of urban population had increased from 11.3% in 1984 to 19.0% in 2014, the proportion of the rural population declined from 88.7% to 81.0% during the same period.

Table 1-2 National, Urban and Rural Population Size Trend (1984 – 2014)

YEAR	URBAN	RURAL	TOTAL	RURAL%	URBAN%
1984	4,505,148	35,363,424	39,868,572	88.7	11.3
1994	7,323,207	46,154,058	53,477,265	86.3	13.7
2007	11,862,821	61,888,111	73,750,932	83.9	16.1
2012	14,502,555	69,818,432	84,320,987	82.8	17.2
2014 ²	16,734,000	71,218,000	87,952,000	81.0	19.0

Source: CSA (1991), CSA (1998), CSA (2008), CSA (2012), CSA (2013).

Although the level of urbanization is increasing in Ethiopia, using comparable figures for 2012 (World Bank, 2014), it remained low compared to averages of the World (53%) and regions like lower middle income countries (39%), Sub-Saharan Africa (37%) and Kenya (24%).

According to the 2012 inter-census survey, Oromia and Amhara regions constituted the largest proportion of the total national population at 37% and 22%, respectively. The two regions also have the largest proportion of the urban population of the country at 28% and 18%, respectively. The number of urban centres in these regions is also larger than other regions. Of note, and, not surprisingly, Addis Ababa being the capital city accounted for a significantly large proportion (21%) of the country's total urban population ([Appendix 1.1](#))

By 2012, the urban population was about 17% of the national population ([Appendix 1.2](#)) with Addis Ababa City Administration (AACA) having a 100% urban population, followed by Dire Dawa City Administration (68%) and Harari National Regional State (53%). On the other hand, SNNP, Oromia, Somali and Amhara regions have the lowest proportions of urban populations. The trend in regional urban populations reveals that, while some of the regions registered increases above 100%, some experienced declines ([Appendix 1.3](#)). In the emerging regions of Afar, Gambela and Benishangul-Gumuz, the level of urbanization increased by more than 100%. This significant increase is attributable to the movement of people attracted to these

² According to projections made by the World Bank-sponsored Ethiopian Urbanization Review study, the national urban population is estimated to grow at 5.4 % per year and reach 17.6 million in 2014.

urban centres that started to serve as regional capitals under the federal arrangement and complemented by the process of decentralization that contributed to availability of better socio-economic services. Conversely, the level of urbanization in Harar and Dire Dawa had declined (which is reckoned to be due to a high rate of growth of the population residing in the rural *Woredas* and *Kebeles* under their administrative jurisdictions), while that of Somali region remained almost constant during 1994-2012. The observed general increase in the urban population and the associated demand for jobs, shelter and services is expected to result in urban management challenges.

According to the results of the 2007 census, the urban population of the 27 cities covered by the study was close to 4,771,505 constituting 40.2% of the total urban population in the country which stood at 11,862,821 then. The population of these urban centres is estimated to have increased by 26.4% to 6,479,283 by 2013 (CSA, 2013a). Distribution of the population by urban centres confirms the continued primacy of Addis Ababa City whose population constitutes close to half the combined population of the 27 urban centres of the study and about 11 times larger than that of Mekelle, which was the second most populous city in the country in 2013. The new projection made by the CSA adopting the component method puts Adama as the second most populous city in the country (Table 1.11). According to these recent projections, Bahir Dar will overtake Adama to take the second place in the year 2016. Most of the cities have populations ranging from 50,000 to 300,000 but only three (Semera, Asossa and Adwa) have population sizes below 50,000 ([Appendix 1.4](#))

1.3.2 AGE COMPOSITION

The proportion of the population below 15 years of age had declined from 48.2% in 1984 to 45.0% in 2007. This trend seems to be continuing, given the results of the inter-census survey 2012 which revealed that the share of this age group had declined further to 44.0%. This decline is largely attributable to the widespread use of contraceptives that had contributed to significant drop in fertility rates. The proportion, however, remains high as it is more than double that of the developed countries which stands at 20.0%. Conversely, the share of the population above 65 years of age and those 15-64 years of age continue to grow. The trends in the various age categories have implications for the provision of services across the country (Table 1-3) as the demand for such services is likely to expand in tandem with population growth in each age group.

Table 1-3 Distribution of Urban Population by Broad Age Group (1984-2012)

Year	Under 15	15-64	65 +	Total	Under 15%
1984	20,527,292	20,090,149	1,970,301	42,587,742	48.2
1994	24,132,982	27,301,424	1,697,847	53,132,253	45.4
2007	33,191,023	38,226,099	2,333,810	73,750,932	45.0

Source: CSA (1991), CSA (1998), CSA (2008).

The proportion of population under 15 years varies from the lowest (24%) in Addis Ababa to the highest (36.7%) in Adigrat ([Appendix 1.4](#)). The trend reveals that in most of the urban centres, the proportion of the age group remains above the average of 27.7%, which is indicative of a generally high fertility rate. Bigger towns with relatively higher levels of socio-economic development have relatively lower proportions of young population than smaller ones. Since a large proportion of young population results in a larger dependency ratio, it would be imperative to encourage efforts directed at further expanding family planning services in smaller towns.

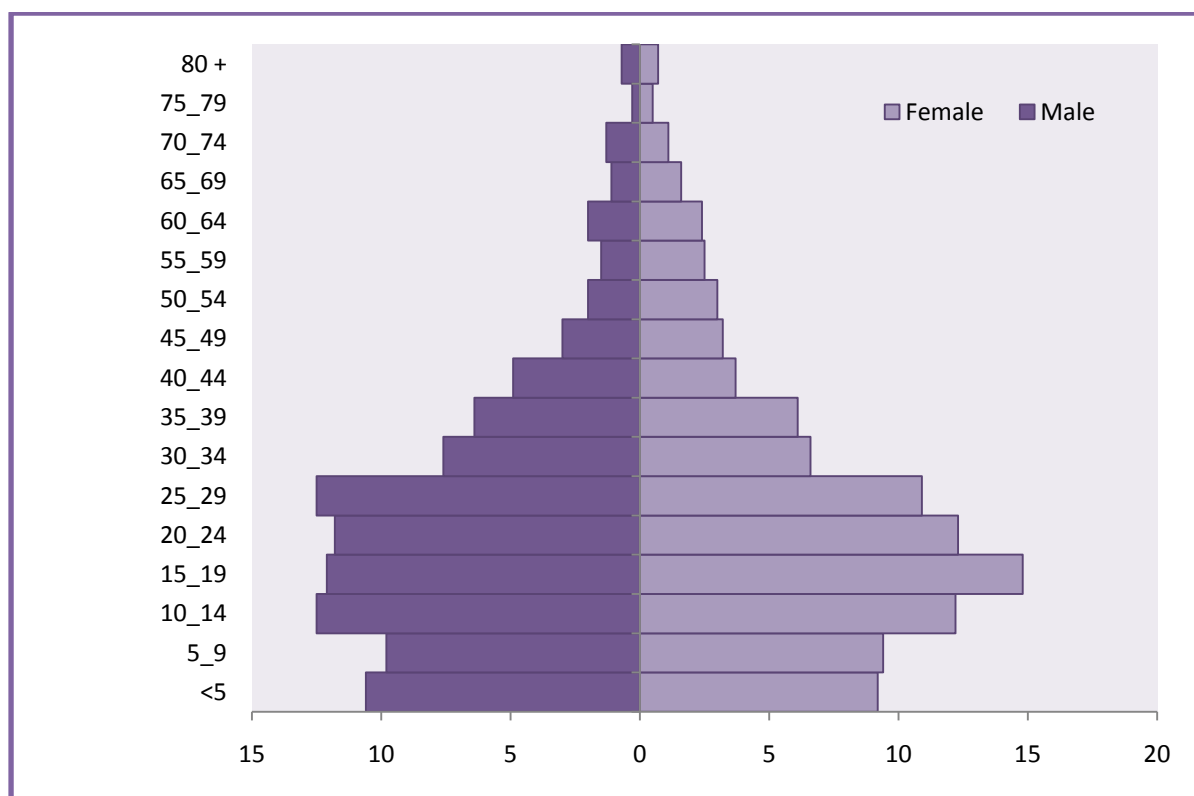
Table 1-4 Proportion of Young Population- Four Regional Capitals (1994 and 2007)

S.N.	Region	Capital	1994	2007
1	Tigray	Mekelle	41.4%	32.2%
2	Amhara	Bahir Dar	36.6%	24.9%
3	Oromia	Adama	33.6%	28.0%
4	SNNP	Hawassa	39.1%	29.1%
Year		1984	1994	2007
National Level		48	45	44

Source: CSA (1998) and CSA (2008).

The proportion of population aged below 15 years was declining during 1994-2007. Though data on all the 27 urban centres was not available, an attempt was made to examine the trend based on data for the capitals of the four major regions of the country such as Mekelle, Bahir Dar, Adama and Hawassa (Table 1-4). If the trend in the four regional capitals is anything to go by, it is indicative of the general trend toward a decline in the proportion of the young population, a positive development that might have a salutary effect provided it is appropriately responded to by way of appropriate policies that contribute to human capital development.

FIGURE 1-1 URBAN POPULATION PYRAMID, 2014



Source: (CSA, 2014)

The current age pyramid of the Ethiopian urban population (Figure 1.1), which is constructed based on the results of the recently conducted Mini Demographic and Health Survey (CSA, 2014), confirms the setting of a trend towards a population growing at lower rates than previous years associated with lower fertility rates. The proportion of the youth population that belongs to the age group 15-29 years was 37.3%, which would increase to 47% if the adolescent age group of 10-14 is considered. The data shows that the urban population is already exhibiting a demographic transition, which offers huge economic opportunities that can be harnessed during the next 20 to 30 years provided adequate investments are made towards the creation of competitive human capital.

1.3.3 SEX COMPOSITION

According to the 2007 census, the population proportion of males to females at national level was almost the same (male - 50.46%, female - 49.54%). In rural areas, there was a slight dominance of males (50.61%) over females (49.39%). In contrast, there was a slight dominance of females (50.30%) over males (49.70%) in urban areas (Table 1-5). This may be attributable to a higher number of female migrants, than male migrants mainly due to gender related social and economic problems. At urban level, the number of female and male migrants in 2007 in Addis Ababa was 589,883 and 713,083, respectively; similarly, there were more female (52,960) migrants than male (48,361) in Dire Dawa City during the same period.

Table 1-5 Distribution of Urban and Rural Population by Sex (2007)

Sex	Urban	%	Rural	%	Total	%
Male	5,895,916	49.70	31,321,214	50.61	37,217,130	50.46
Female	5,966,905	50.30	30,566,897	49.39	36,533,802	49.54
Both	11,862,821	100.00	61,888,111	100.00	73,750,932	100.00

Source: CSA (2008)

The sex ratio (number of males per 100 females) at national level is estimated at 99 and 102 for urban and rural areas, respectively. Understanding this and the various demographic related trends and scenarios is crucial for adapting and adopting more informed and inclusive urban planning and development processes, which will in turn contribute to harnessing the dividends of urbanization.

1.3.4 POPULATION GROWTH RATE

The total national population growth rate (1994 - 2007) was 2.5%; the urban and the rural rates being 3.8 and 2.3%, respectively. During this period, the annual rate declined from 2.9% between 1984 and 1994 to 2.5% between 1994 and 2007. At urban level, the rate slowed down from 4.8 to 3.8% while the rural rate declined from 2.7 to 2.3% during the same period. Nonetheless, these growth rates in both urban and rural areas still remains high, necessitating more concerted efforts to bring them down to more manageable levels.

Table 1-6 Population Size and Growth Rate (1984, 1994, 2007 and 2012)

Year	Urban		Rural		Total	
	Population Size	GR	Population Size	GR	Population Size	GR
1984	4,505,148	-	35,363,424	-	39,868,572	-
1994	7,323,207	4.80	46,154,058	2.70	53,477,265	2.90
2007	11,862,821	3.80	61,888,111	2.30	73,750,932	2.50
2012 ³	14,502,555	4.00	69,818,432	2.40	84,320,987	2.70

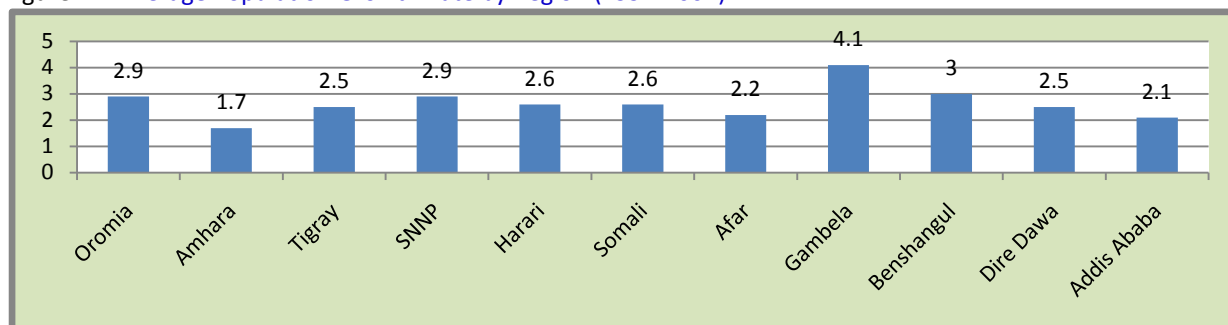
Source: CSA (1991), CSA (1998), CSA (2008) and CSA (2012).

The growth rate of urban populations is likely to increase from that occurred between 1994 and 2007 given the current focus to transform the structure of the national economy from agricultural-based to industrial-based economy. Recognizing urbanization as a major factor in socio-economic development, the government has embarked on a programme aimed at connecting rural *Kebele* centres with *Woreda* centres by motorable roads, courtesy of the Universal Road Access Programme, as well as expand the provision of agricultural extension services, rural marketing infrastructure and basic social services. In the major regions of the country, this was accompanied by the preparation of physical plans for small urban centres and

³ According to the Ethiopian Urbanization Review conducted by the World Bank, the annual urban population growth rate between 2007 and 2012 is estimated to be 5.6%.

emerging towns by regional urban planning institutes. This is an important departure that would offer sustainable results if it is integrated with national spatial development planning, which is instrumental to guide the urbanization process in the entire country.

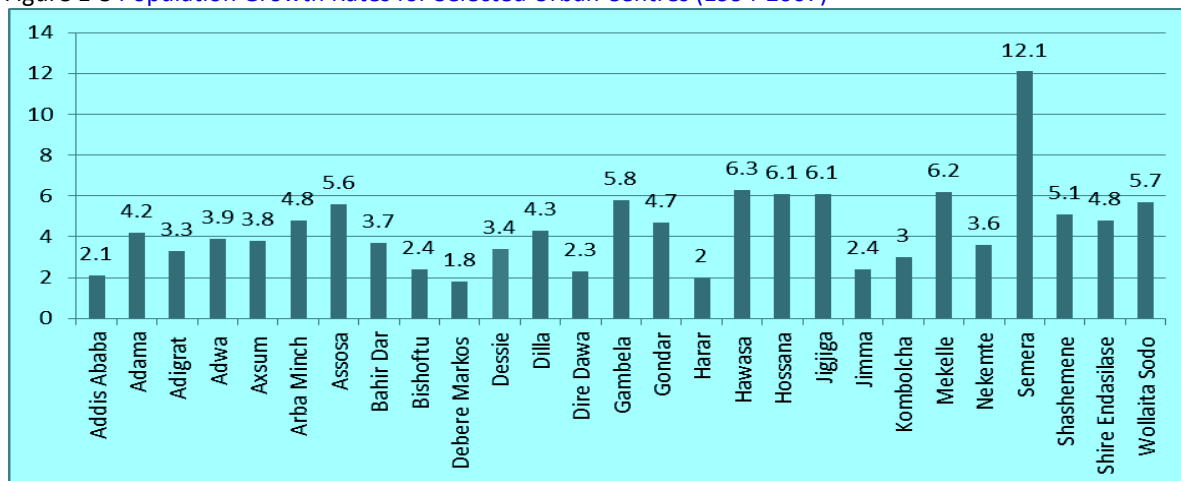
Figure 1-2 Average Population Growth Rate by Region (1994-2007)



Source: CSA (1998) and CSA (2008.)

The population growth rates vary from the lowest (1.7%) in Amhara to the highest (4.1%) in Gambela (Figure 1-2). Except in the emerging region of Gambela, which had the highest population growth rate, most of the regions appear to have more or less similar growth rates.

Figure 1-3 Population Growth Rates for Selected Urban Centres (1994-2007)



Source: CSA (1998) and CSA (2008.)

The average growth rate for the 27 urban centres combined declined from 4.6% during 1984-94 to 3.6% during 1994-2007, which is mainly attributed to significant declines in fertility rates. Though the average growth rate for the total population of the urban centres generally declined during 1984-2007, there were some urban centres for which the rate increased and these included Harar, Wollaita Sodo, Mekelle, Shashemane, Gondar and Dilla ([Appendix 1.5](#)).

Conversely, some urban centres such as Asossa, Hawassa, Gambela, Hosanna, Jigjiga Mekele, Shashamane, Wollaita Sodo and Semera, the administrative status of which was elevated under the federal arrangement, experienced relatively higher growth rates of more than 5.% between 1994 and 2007 (Figure 1.3). Growth rates of less than 3% were experienced in Harar, Jimma, Dire Dawa, Bishoftu, and Addis Ababa with Debre Markos registering the lowest at 1.8%, perhaps due to loss of its previous administrative status as a provincial capital ([Appendix 1.6](#)).

1.4 POPULATION DYNAMICS

Under this section, some aspects of Ethiopian population dynamics are considered. Particular emphasis is given to fertility, mortality and migration which are considered within national, regional and urban level contexts.

1.4.1 FERTILITY

Ethiopia still exhibits one of the highest fertility rates in the world despite the decline observed in recent years. The national fertility rate in 2011 was 4.8, while the corresponding figures for the urban and rural areas were 3.3 and 6.4, respectively. At national level, the rate declined from 5.9 in 2000 to 4.8 in 2011, while in urban areas it declined from 3.3 to 2.6, respectively. Given the fact that total urban and rural fertility rates for developed countries are 1.0 and 2.6, respectively, Ethiopian rates still remain too high and this might have negative repercussions on the urban development agenda if not managed diligently.

Table 1-7 Total Fertility Rate Trend by Location (2000, 2005 and 2011)

Year	Urban	Rural	Total
2000	3.3	6.4	5.5
2005	2.4	6.0	5.4
2011	2.6	5.5	4.8

Source: Ethiopian Demographic and Health Survey (EDHS) (2001), EDHS (2006) and EDHS (2012).

Increased prevalence of family planning services is the major reason for the decline in fertility rate in the country. Countrywide, the proportion of women using family planning services has increased from close to 8% in 2000 to about 29% in 2011 (Table 1-8).

Table 1-8 Coverage of Contraceptive Use by Location (2000, 2005 and 2011)

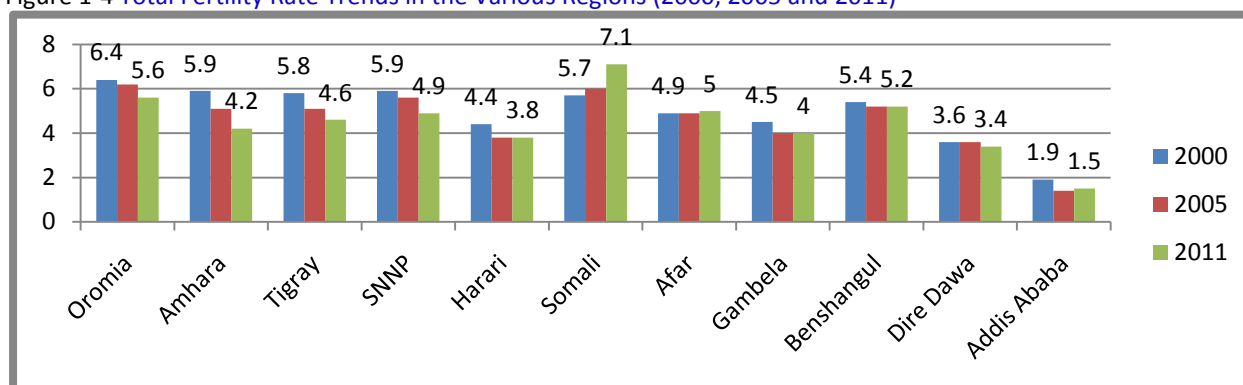
Year	Urban Usage	Rural Usage	Total
2000	35.6	4.3	8.1
2005	46.7	10.9	14.7
2011	52.5	23.4	28.6

Source: EDHS (2001), EDHS (2006) and EDHS (2012).

Improvements in the educational status of the population in general and that of women in particular, which is reckoned to have contributed to enhanced awareness about reproductive health, has also contributed to the decline in fertility rate. The national proportion of literate women which was 11% in 1984 grew to 17% in 1994 and 35% in 2007 (CSA, 1991, 1998 and 2008), which gives credence to the assertion that improved educational level among women has a positive correlation with declining fertility rates.

As shown in Figure 1.4 and [Appendix 1.7](#), total fertility rates exhibit inter-regional variations, from the lowest in Addis Ababa (1.7) to the highest in Somali (7.1). There has been a declining trend in total fertility rate in all the regions of the country although the national rate which is close to 4.8 is more than double the rate in developed countries. The fertility rate for the emerging regions (Afar, Gambela, Benishangul-Gumuz and Somali) is generally higher than the other regions and city administrations such as Addis Ababa and Dire Dawa ([Appendix 1.8](#)), where higher levels of literacy and awareness of reproductive health arguably contribute to higher awareness and prevalence of contraceptive use.

Figure 1-4 Total Fertility Rate Trends in the Various Regions (2000, 2005 and 2011)



Source: CSA Demographic and Health Surveys – 2001, 2006, 2012.

1.4.2 MORTALITY

In 2011, infant mortality rates per thousand live births in the urban and rural areas of the country (proportion of infants that do not make it to their first birth day) stood at 59 and 76, respectively. The rates are high compared to developed countries and globally, at 3 and 47, respectively. The rates, however, exhibited a declining trend from 97 in 2000 to 59 in 2011 in the urban areas and 115 to 76 in the rural areas. Similarly, there was a decline in child (i.e., under-five) mortality rates during the same period in both rural and urban parts of the country.

Table 1-9 National Child and Infant Mortality Rates (2000, 2005 and 2011)

Year GC	Urban Mortality		Rural Mortality	
	Child	Infant	Child	Infant
2000	148.60	96.50	192.50	114.70
2005	98.00	34.00	135.00	58.00
2011	83.00	59.00	114.00	76.00

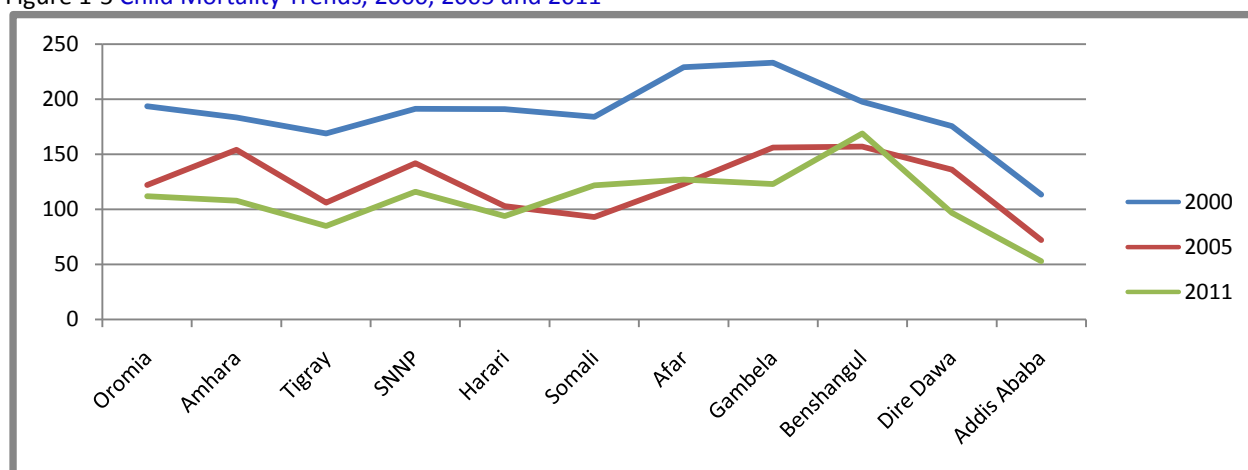
Source: EDHS (2001), EDHS (2006) and EDHS (2012).

The decline is mainly attributable to improvements in the delivery of health services in the country. The number of hospitals and health centres has grown from 88 and 690 in 2007 to 125 and 2999 in 2012, respectively. The hospital-population and health-centre-population ratio which was 1:839,983 and 1:107,128 in 2007, respectively, have also improved to 1:674,568 and 1:28,116. Similarly, the physician-population and the nurse-population ratios which were 1:40,929 and 1:4,074, respectively, in 2007 have also improved to 1:28,847 and 1:2,299 in 2012 (CSA, 2012). Given the increase in literacy levels indicated above, it is possible to conclude that this has also played a positive role in the reduction of infant mortality.

Not surprisingly, trends in child mortality rates vary from region to region ([Appendix 1.9](#)), with the lowest in Addis Ababa (53) to the highest in Benishangul-Gumuz (169). However, in spite of these variations, there has been a general improvement in child mortality rates in all the regions of the country as illustrated in Figure 1.5.

The improvement is mainly attributable to enhanced health services primarily focusing on disease prevention. This is complemented by the increase in the number of health professionals (midwives, nurses, health officers, doctors, etc.) in the country as well as heightened public health awareness due to improved literacy especially among women.

Figure 1-5 Child Mortality Trends, 2000, 2005 and 2011



Source: EDHS (2001), EDHS (2006) and EDHS (2012).

1.4.3 MIGRATION

A critical component of population growth in Ethiopian urban centres has been rural-urban migration. In 2007, about 17% of the population were migrants, as compared to the proportion of migrants which was close to 15% in 1984. There are more migrants in the urban centres than in rural areas. According to the 1994 census, the proportion of migrants in the urban centres was above 40% (CSA, 1994). More than 73% of the urban migrants were from rural areas ([Appendix 1.11](#)), indicating high levels of rural-urban migration.

BOX 1-1 URBAN DEMOGRAPHIC DIVIDEND- OPPORTUNITIES AND CHALLENGES

Demographic transition is a process of change from high birth and mortality rates to lower ones. The process is associated with public health services improvements and economic growth that often leads to societal transformation. Ethiopia is in the second stage of demographic transition, alternatively called “urbanizing/industrializing” which implies a rise in population caused by longer life expectancy associated with reduction in child mortality as well as higher agricultural productivity. The transformation is more pronounced in the urban areas of the country where the reduction in mortality and fertility rates are considerably higher than in the rural areas.

Both fertility and mortality rates are expected to further decline in the coming years. These trends, combined with the predominantly young urban population, are expected to result in a larger urban labor force. According to the 2011 Welfare Monitoring Survey and the 2013 Urban Employment Unemployment Survey, Ethiopian cities are on course to harnessing the potential demographic dividend. Moreover, the expansion of education in general, and higher education and TVET in particular, are likely to result in a younger and more educated labor force, particularly in cities. This requires relentless efforts to promote investment in productive sectors as well as quality and growth-oriented MSEs. Ethiopian cities also have opportunities to tap into years of investment already made in the health and education sectors, thereby increasing prospects of maximizing the benefits of demographic transition.

The demographic dividend will not be realized unless there are timely multi-sectoral interventions including HIV/AIDS prevention and support, provision of quality education, employment creation, and improved access to housing and related services. The consequences of failure to anticipate the implications of this demographic transition include huge youth unemployment, crime and social unrest. As the population ages, the consequences become more severe as the burden on social services becomes heavier.

Source: (CSA, 2012), (CSA, 2013c), (Weickert, J. and Quincke, G., n.d.), (Population Communication, 2014) and (World Bank, 2015)

The proportion of migrants in the various regions in 2007 varied from the lowest in Somali (10%) to the largest in Addis Ababa (48%). The proportion of migrants is large in predominantly urban administrative regions of Addis Ababa, Dire Dawa and Harar understandably due mainly to rural-urban migration engendered by the perceived better prospects of employment opportunities and social services in urban centres. According to urban-rural disaggregated migration related data available for 1994, the proportion of migrants

in urban areas varied from the lowest (35%) in Harar to the highest (64%) for Benishangul-Gumuz ([Appendix 1.12](#)). The proportion for Benishangul-Gumuz region, in particular, is relatively large because the size of the urban population in the region is considerably small (35,905). The same reason can be cited for the situation in Gambela Region with 57% of its urban population identified as migrants in 1994. In absolute terms, there are more migrants (863,265) in Oromia than any other region in the country as there were more than 366 urban centres in the region compared to only 23 urban centres in Benishangul-Gumuz region with the smallest number of urban centres (CSA, 2008).

The average proportion of migrants in the 27 urban centres is estimated at 49%, indicating that almost half of their population were migrants ([Appendix 1.13](#)). The proportion of migrants varies from the lowest in Jijiga town (26%) to the largest in Semera town (above 71%). For most of the urban centres, the proportion is above 50%, indicating that the contribution of migration to the size of urban population is significant. Generally, those urban centres with relatively large proportion of migrants also have higher population growth rates.

Although the proportion of migrants for all the regional capitals in the country have increased between the last two censuses, Mekelle is exceptional in having experienced a decline from 56.50 in 1994 to 52.40% in 2007 (Table 1:10).

Table 1-10 [Proportion of Migrants in Four Major Regional Administrative Capitals \(1994 and 2007\)](#)

S.N.	Region	Capital	1994	2007
1	Oromia	Adama	53.20%	59.20%
2	Tigray	Mekelle	56.50%	52.40%
3	Amhara	Bahir Dar	54.10%	55.60%
4	SNNP	Hawassa	55.20%	70.50%

Source: CSA (1998) and CSA (2008).

1.5 IMPORTANCE OF CITY-WARD MIGRATION

Migration has significant contribution to the country's urban population growth. Prospects for better employment opportunities and social services attract rural migrants to urban areas, whereas the major push factors include scarcity of agricultural land particularly in densely populated regions of the country and deeply entrenched social problems such as early marriage that are still practiced in many rural areas of the country. The proportion of migrants, which was close to 57% in 1994 and had declined to 37% in 2012, is still high.

Realizing the fact that cities are engines of socio-economic development, GoE is promoting the transition from agricultural-led (rural-based) - to industry-led (urban-based) economy as described in the first Growth and Transformation Plan (GTP11). Industrial development is expected to further pull rural residents into urban centres at an increasing rate than before. Although containing rural-urban migration may not be desirable and even possible, strategies can be adopted to deflect the direction of migration away from Addis Ababa towards the secondary and other towns by adopting policies that promote the development of decentralized settlement structure at the national level. This can be integrated into on-going decentralization processes, whereby basic social services and marketing infrastructure are made available in the lower levels of the settlement hierarchy.

1.6 POPULATION PROJECTIONS

Having accurate information on current population sizes of individual urban centres is very important as the identification of future needs or assessment of service delivery gaps will be based on population figures. As reiterated during the review meetings held with MUDHCo's key officials and experts as part of this study, some of the problems Ethiopia's major cities are facing regarding the shortage of services such as water supply are partly to be explained by the use of faulty assumptions in projecting the cities' population, namely the use of mathematical models that consider growth rates between two previous censuses, which served as a basis in estimating the demand for basic infrastructure and services. Both national and city level projections of urban population should therefore factor in the various components of population growth (i.e., natural growth, net-migration and administrative reclassification) to come up with accurate estimates of their population at least for planning purposes

BOX 1-2 LONG TERM PROJECTIONS MADE BY OTHER RECENT STUDIES ON URBAN POPULATION GROWTH

Three recent national level urban development orientated studies, namely by the Ethiopian Development Research Institute (EDRI), the World Bank (WB) and Egis International and UrbaLyon, which are either commissioned or undertaken under close guidance by MUDHCo, employed urban population growth rate of 5.4 % per year and offer a prospect for increased level of urbanization higher than what is projected by the CSA. The Ethiopian Urbanization Review undertaken by the World Bank (2015), using a population growth rate of 5.4% per annum, has projected the total national urban population to reach about 54 million in 2037, which will put the level of urbanization at 38%. According to the WB study, Ethiopia is expected to reach an urbanization level of 30% as early as 2028. The major factor for the difference in the projections is the assumption of a higher contribution of rural-urban migration to the overall urban population growth rate. This takes into account the emphasis on industrial development and expected changes in the labor market, engendered by recent and ongoing road and electric power infrastructure-related and other mega projects, which are expected to contribute to structural transformation in the economy. Other assumptions considered include the impact of possible reclassification of urban administrative boundaries and the formation of new towns as a result of the ongoing effort to promote rural service centers through the Universal Road Access Program. The 2014 study report by EDRI -Unlocking the Power of Ethiopia's Cities – has endorsed the results of the projections made in the recent World Bank study. The projection made by Egis International and UrbaLyon (2014) as part of the National Urban Development Spatial Plan (NUDSP) study undertaken on behalf of the MUDHCo, on the other hand, puts the national urban population at about 51 million in 2037.

The various projections suggest that the urban population would grow at a higher rate than what is projected by the CSA Ethiopia has to make advance preparations to deal with the basic needs of its growing urban population in terms of jobs and housing as well as education and health services. For example, focusing on the projections made by the NUDSP draft report, the current (2015) urban population of about 18 million (which puts the current level of urbanization at 20%) is expected to grow to about 30 and 49 million in 2025 and 2035, respectively. This would mean that there would be close to 12 and 31 million additional urban population by 2025 and 2035, respectively. In terms of households, the projected figures amount to 3 and 7.75 million in 2025 and 2035, respectively. Taking into account the size of population projected by the NUDSP draft report, which is larger than the projections made by the CSA, about 3.2 and 8.4 million additional youth population is expected by 2025 and 2035, respectively, which translates into higher demand for jobs and basic social services. For instance, the demand for additional housing units until 2025 and 2035 is estimated to be close to 3.0 and 7.8 million, respectively, which is considerably higher than the estimates made based on CSA's projection. Similarly, the number additional primary hospitals which would be required until 2025 and 2035 have been projected to be around 120 and 310, respectively. Likewise, about 960 and 2,500 primary schools and 170 and 450 secondary schools would be required to cater the demand for education by the additional school age population to be expected in 2025 and 2035, respectively.

Projections to be made regarding urban population growth and future demand for jobs and services should therefore consider the component method of population projection, which the CSA used for the first time in its more recent projection, as this would allow factoring in rural-urban migration, which is an important component of population growth that should be considered when making projections about urban population.

Source: (CSA, 2013b), (World Bank, 2015), (Egis International and UrbaLyon, 2014) and (EDRI, 2014).

In this connection, recent studies undertaken under the guidance of MUDHCo and which take into account the various factors that contribute to urban population growth (Box 1.2) are reckoned to provide more plausible projections regarding the country's urban population than

previous estimates that assume a mere continuation of the population growth trend between 1994 and 2007. According to projections made by the CSA, the current urban population of about 17.5 million is expected to grow to close to 42.3 million at annual growth rate of 3.8%, while the level of urbanization is expected to reach 19.4% in 2015 and further increase to 31% by 2037.. This would put the additional urban population at about 24.8 million or an estimated 6.5 million additional households, which is calculated assuming the average household size of 3.8 (CSA, 2008), that would necessitate accelerating the creation of jobs and provision of housing and other social services.

Table 1-11 Projected Population for the 26 SECR Towns (2014-2017)

	Urban Centres	2014	2015	2016	2017
1	Addis Ababa	3,195,000	3,273,000	3,352,000	3,433,999
2	Adama	308,526	323,999	338,940	355,475
3	Adigrat	81,738	86,094	90,658	95,358
4	Adwa	57,485	60,549	63,759	67,065
5	Axum	63,435	66,818	70,360	74,007
6	Arba Minch	135,452	142,908	151,013	159,019
7	Assosa	43,203	46,171	49,145	52,575
8	Bahir Dar	266,667	282,017	345,610	362,297
9	Bishoftu	140,039	147,064	153,847	161,354
10	Debre Markos	92,470	97,792	103,263	108,882
11	Dessie	177,688	187,917	198,428	209,226
12	Dilla	106,985	112,874	119,276	125,599
13	Dire Dawa	268,000	277,000	285,000	293,000
14	Gambela	62,093	66,095	70,099	74,102
15	Gondar	306,246	323,875	341,991	360,600
16	Harar	125,000	129,000	133,000	137,000
17	Hossana	126,786	133,764	141,352	148,847
18	Hawassa	285,785	301,514	318,618	335,508
19	Jigjiga	154,183	159,252	164,321	169,390
20	Jimma	169,446	177,943	186,148	198,228
21	Kombolcha	86,833	91,881	96,968	102,244
22	Mekelle	307,304	323,700	340,858	358,529
23	Nekemte	105,358	110,640	115,741	121,385
24	Semera	NA	NA	NA	NA
25	Shashemane	140,717	147,774	154,587	162,127
26	Shire Endasellasie	67,171	70,753	74,502	78,366
27	Wollaita Sodo	137,522	145,092	153,332	161,450

Source: (CSA, 2013d)

It is worth noting that, with the exception of those given by the CSA (Table 1.11), the long-term projections included in these recent urbanization related studies do not provide city-specific population figures, although some of them have made attempts to provide data that is disaggregated at the regional level. Regarding city-specific population figures, this report could only get the results of the projections made by the CSA for the 27 cities for the period 2014-2017 (Table 1.11). The CSA has made the projections taking into account the results of the 2007 census, the inter-census survey conducted in 2012 (CSA, 2013d). The component method, which uses fertility, mortality and migration related data as inputs, was employed for the first time in this projection. This is reckoned to give a more reliable population projection, rather than the mathematical method that relies on comparisons of total population at different points in time that refer to past rather than future trends. The above mentioned CSA report used

Total Fertility Rate data from the three Ethiopian Demographic and Health Surveys (EDHS) conducted in the years 2000, 2005 and 2011; the 2007 Population and Housing Census (PHC); and 2012 Inter-Census Population Survey (ICPS). The mortality input, which is life expectancy at birth, was estimated from the 2007 PHC mortality data, while the migration inputs were derived from the 2012 ICPS data.

1.7 IMPLICATIONS OF POPULATION INCREASE ON URBAN DEVELOPMENT

Increases in urban population would undoubtedly require making investments to address the ever increasing demand for jobs, housing and other kinds of urban-based services, infrastructure and facilities including those discussed in Chapter 3 of this report. Failure to meet these requirements would result in unemployment, housing shortage and congestion, proliferation of informal settlements, environmental degradation, and inadequate basic social services and incidence of crime that would compromise the productivity and liveability of cities.

Demand for Jobs: According to the projection made by CSA, the urban youth population within the age bracket of 15-29 years (MoYSC, 2004) as stipulated in the national youth policy is expected to grow from the current 5.4 million (2015) to 13.1 million by 2037 with close to 7.7 million additional youths. On the other hand, about 3.9 and 9.8 million additional youth population would be expected by 2025 and 2035, respectively, if one uses the population projections made by the recent National Urban Development Spatial Plan (NUDSP) study commissioned by MUDHCo (Egis International and UrbaLyon, 2014), which gives a higher figure than what is projected by the CSA and with a corresponding higher demand for jobs, basic social services and recreational facilities. Therefore, the government should create an enabling environment for inclusive local economic development that will create jobs and employment opportunities to the youth, among others. Failure to achieve these will result in exposure of the youth to social problems such as juvenile delinquency, drug addiction and violent crime as well as forced engagement in commercial sex or desperate migration.

Demand for Housing: As it is explained above, the population size of the country is expected to increase by close to 24.8 million by the end of 2037. In terms of households, there will be close to 6.5 million additional households for which 6.5 million housing units will be required assuming a one to one household-housing unit ratio, even without including current backlogs in housing supply. Failure to address the future demand of housing unit will result in proliferation of informal settlement and of congested slum settlements. The projection on future requirement of housing made based on the projected population size obtained from the NUDSP study indicates that the additional number of housing units that would be needed until 2025 and 2035 would be close to 3.9 and 9.8 million, respectively.

Demand for Social Services: The additional urban population as per the CSA projection also has implications on availability and access to social services like education and health. During the projection period, about 290 additional primary hospitals will be required assuming one primary hospital per 100,000 population, according to the standard set by MOH. Similarly, the additional requirements for primary and secondary schools have been projected to be 2,357 and 428, respectively, taking in to account the standard set by MOE. If one is to consider the estimated increase in urban population as projected by the NUDSP draft report, 120 and 310 additional primary hospitals would be required until 2025 and 2035, respectively. Similarly, about 960 and 2500 additional primary schools and 170 and 450 additional secondary schools would be required to address the demand for education in 2025 and 2035, respectively.

1.8 CONCLUSIONS AND KEY MESSAGES

There is undoubtedly an intricate relationship between population growth and urbanization. Given the inevitability of urban population growth, Ethiopian urban authorities are left with no option but to embark on planned urban management and development processes that take into account the following imperatives:

MUDHCo in collaboration with regional governments and the CSA should take the lead to come up with a national guideline for grading urban centres: A standard definition of what constitutes an urban centre should be adopted for statistical purposes and used at the national level. Similarly, it may be proper to come up with a national guideline for the categorization of cities (what is commonly known as city grading), which would pre-empt regions from using their own criteria to categorize their cities, which would otherwise make difficult conducting any meaningful comparison across regions.

Urban policy frameworks that envisage to proactively addressing the socio-economic needs of the burgeoning urban populations should be operationalised as a matter of urgency: The expected increase in urban population undoubtedly demands making huge investment to address the inevitable higher demand for jobs, infrastructure and social services. The planning for basic infrastructure and services should be supported by a more objective population projection methodology that considers the various components of urban population growth. In addition to investment in basic infrastructure and services, the government ought to create enabling environments for creation of youth employment opportunities by the private sector. On its part, the government should step-up its current endeavours towards generating employment through micro-and small enterprises (MSEs), notwithstanding the direct and indirect employment-related impacts of macro projects that are reckoned to have their own spatial impacts on urban development. Moreover, it is imperative to strengthen family planning services as they would contribute towards keeping city-level population growth engendered investment requirements at manageable level.

Ethiopia needs to adopt measures that would enable it to capitalize on the potential dividends of the impending demographic transition: Ethiopia is experiencing a demographic transition that is expected to create a huge youth bulge in the coming few years. Cities should therefore continue to invest on basic social services (education, health and recreation) as this will contribute to the creation of human capital that is an important precondition for the creation of competitive cities that offer opportunities for higher incomes. Cities should also implement urban development initiatives that generate socio-economic opportunities for all urban dwellers, especially the youth generation that is transitioning into adulthood and part of a growing urban labour force increasingly in search of the benefits of urbanization.

City administrations should adopt policies and strategies that take into account the opportunities and challenges arising from rural-urban migration: A heightened level of rural-urban interactions has become a prominent attribute of the national urban dynamics due to the unprecedented urban growth and the increasing market orientation of the rural economy. Given the fact that the urban centres in the country are predominantly small (88%), adequate heed needs to be given to the small towns' development in order to facilitate their sustainable transition into medium and large town status as well as deflect rural-urban migration that is otherwise destined to Addis Ababa and other few secondary towns. It is thus imperative to consolidate ongoing efforts by the government to develop rural *Kebeles* into *rural-service* centres through provision of basic infrastructure and services including rural roads that connect rural *Kebele* centres with *Woreda* centres, promotion of Micro Finance Institutions and rural electrification as well as expansion of social services such as education and health.

Building the capacity of urban centres to sustainably manage the wide-ranging implications of high rate of urbanization should be addressed with a sense of urgency:

The responsibility to address issues related to the provision of basic services, creation of jobs and ensuring environmental sustainability and safety, among others, primarily rests with city administrations, notwithstanding the overall responsibility of the Federal Government to set the tone, direction and environment in which this can occur. Therefore, the need to embark on further urban management capacity development interventions (in broad areas such as human resource development, strategic planning and operations management, information management, etc.) to enable cities to cater for the ever growing demands of their residents cannot be over-emphasized.

2.0 OVERVIEW

This chapter explores urban productivity in selected Ethiopian urban centres in consideration of the role of cities as engines of growth and economic transformation. Urban productivity refers to the efficiency of transforming inputs into outputs as well as harnessing the advantages of agglomeration economies resulting from the concentration of diverse activities in an urban setting, which provides opportunities for scale economies at enterprise, sector and city levels and beyond.

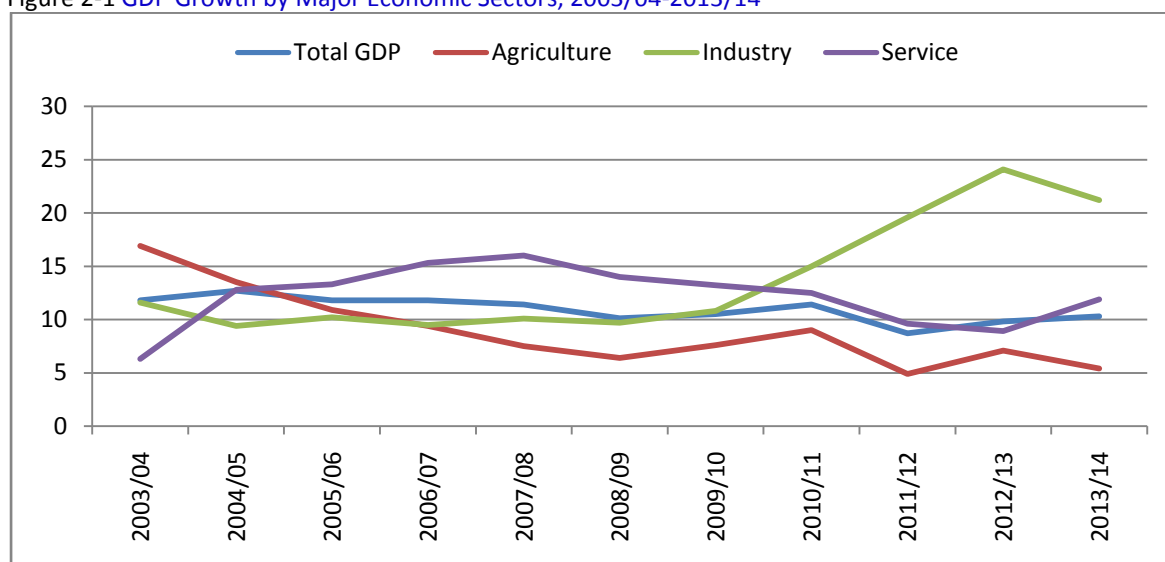
First, the chapter assesses the contributions of Ethiopian cities to the national Gross Domestic Product (GDP), based on UN-Habitat's city productivity measurement guide, which is employed to estimate the total value added in 23 out of the 27 cities for which sectorally disaggregated employment related data was available. The assessment also entailed estimating city-level per capita GDP and analysing the factors affecting city-level productivity based on the understanding that city level GDP reveals not only the contribution of the city's output to national economic growth, but also its role in achieving national development goals of achieving structural transformation. Second, analysis is made on the labour force in terms of economic activity rates, employment-to-population ratios, the characteristics of the employed population by industrial groups and occupational categories and the state of unemployment by age group, gender and educational status. Third, focus is made on national strategies being implemented by government to alleviate unemployment and poverty as well as to promote private investment. Accordingly, the MSE Development Programme, the characteristics of private investment and access to financial services and use of Information and Communication Technology (ICT) are covered. The chapter ends with conclusions and key messages.

2.1 ECONOMIC CONTRIBUTIONS OF ETHIOPIAN CITIES

The positive correlation between the level of urbanization and national productivity as measured by GDP per capita is acknowledged worldwide. According to UN-Habitat (2013), this correlation has been "signalling healthy urbanization dynamics fuelled by prosperous cities acting as magnets for rural migration". Ethiopia experienced an average real GDP growth rate of 7% during the past two decades, which is above the population growth rate of about 3%. Between 2003/04 and 2013/14, there was a steady average annual GDP growth rate of 11%, whereby services and industry, the urban-based economic sectors, registered the fastest annual growth rates of 12.4 and 12.2%, respectively (Figure 2.1), while the agricultural sector grew 9.3% per annum during the period. Due to such sustained high growth, the country has achieved economic recovery and transitioned to accelerated growth.

Compared to the situation in 2003/4, the agricultural sector had exhibited some decline in its rate of growth, while the industrial sector's growth rate exhibited dramatic increase. Similarly, the services sector is also showing a considerable growth rate albeit lower than that of the industrial sector. This indicates that the urban-related sectors have been growing significantly over the past decade.

Figure 2-1 GDP Growth by Major Economic Sectors, 2003/04-2013/14



Source: (MoFED, 2012), (MoFED2013a), and (MoFED, 2014).

Currently, a local GDP accounting system is not available in Ethiopia that would facilitate reliable estimates of individual city contribution to national GDP. Consequently, the combined contribution of the two urban-based sectors (i.e., industry and manufacturing) to the total GDP, which was 58% 2010/11-2013/14, is often used as a proxy. Yet, significant industrial and service related activities are undertaken in rural designations, while agriculture, which is also practiced within the administrative boundaries of urban centres, cannot be fully relegated to rural areas. Thus, this approximation does not help to make definitive estimates of the contributions of individual cities to the national GDP.

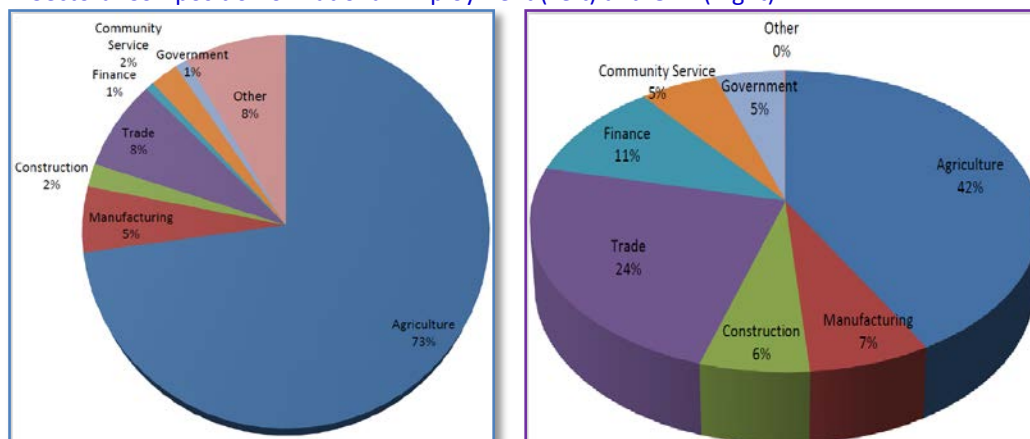
The estimation of city-level GDP, which is made as part of this study capitalized on: (a) the opportunity to make use of a recent urban/rural disaggregated data on employment available from the National Labour Force Survey (NLFS) conducted in 2013 (CSA, 2014a); and (b) the national GDP estimate for 2012/13 at 2011 constant prices, which is compiled by the Ministry of Finance and Economic Development (MoFED) based on the Standard Industrial Classification System of the United Nations (MoFED, 2013a).

In 2012/13, the country's urban centres generated an estimated aggregate output worth ETB 227.3 billion or 39.8% of the national GDP. The services sector contributed the largest share (80.4%) of the urban GDP, while the industrial and agricultural sectors had a share of 16.7% and 2.9%, respectively. Within the services sector, trade contributed to 30.5% and 36.4% of the total employment and the urban GDP, respectively. On the other hand, personal and community services accounted for 10.1% and 9.3%, government services contributed to 5.6% and 10.3%, while finance and insurance accounted for 3.9% and 24% of the total employment and output respectively. Within the industrial sector, the highest share came from manufacturing with 16.5% and 7.8% of total employment and the urban GDP, while construction accounted for 7.5% and 8.9%, respectively. Agriculture and related activities contributed to 13.5% and 2.9% of the total employment and the urban GDP, respectively.

Comparisons were made between the composition of employment and that of GDP at the country and urban levels. As depicted in Figure 2.2 below, the two exhibit deviations because of differences in the productivity of individual sectors. Agricultural and related activities, which accounted for the largest share (73%) of the national employment, contributed to 42% of the GDP. Deducting the calculated aggregate urban GDP from the total GDP and considering the total rural population figures in the 2013 NLFS, rural per capita GDP was found to be ETB

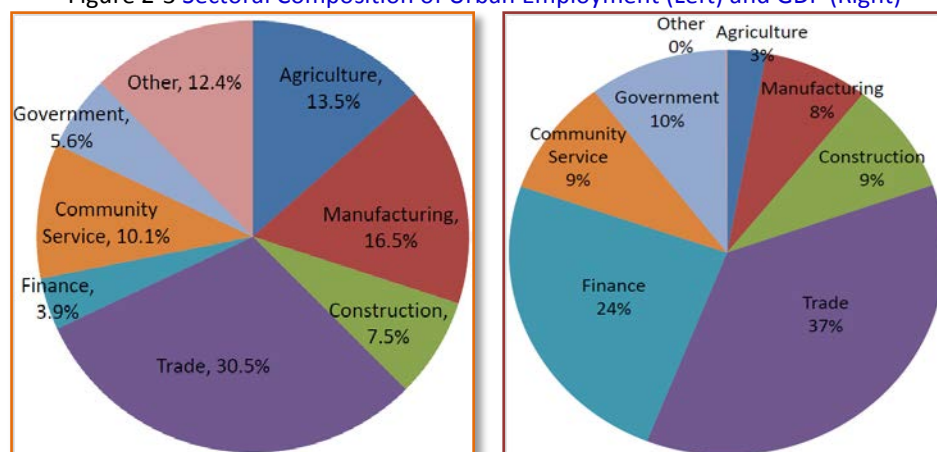
5234. This is not entirely generated by the agricultural sector as services and industry account for 20% and 7.3% of the total employment in the rural areas, respectively (Figure 2.2 and Figure 2.3).

Figure 2-2 Sectoral Composition of National Employment (Left) and GDP (Right)



Source: Computed based on (CSA, 2014a) and (MoFED, 2013a).

Figure 2-3 Sectoral Composition of Urban Employment (Left) and GDP (Right)



Source: Computed based on (CSA, 2014a) and (MoFED, 2013a).

Within the urban areas, the services sector provided the largest employment, i.e., 62.5% of the total employment, while industrial and agricultural sectors accounted for 24% and 13.5%, respectively. Overall, using the same 2013 NLFS data, the per capita GDP of rural and urban areas were estimated at ETB 5,234 and ETB 15,436, respectively, pointing to the fact that urban areas are almost three times more productive than their rural counterparts. The urban and rural areas, which account for 18.3% and 81.7% of the country's population, contributed to 39.8 and 60.2% of the national GDP, respectively. Given the current urbanization level of 19% that is projected to reach 30% in 2025, the contribution of urban centres to GDP is expected to further increase.

BOX 2-1 GDP ESTIMATES- NATIONAL, URBAN, RURAL AND CITY LEVEL

City-level GDP and per capita GDP were calculated by using the results of the 2013 CSA's NLFS, which puts the national population figure at 80,444,148, whereby the urban and rural populations were estimated to be 14,726,933 and 65,717,215, respectively. Thus, there might be some variations with other national per capita GDP estimates, e.g., depending on the population figures used.

The national GDP figure used is MoFED's estimation of real GDP for 2012/13 at 2011 prices. The national GDP value was ETB 571.3 billion. The GDP of urban areas, which was calculated based the UN Habitat method, was estimated at ETB 227.3 billion. The difference of ETB 344.0 billion was taken as rural GDP. Dividing the total national GDP, the national urban GDP and the national rural GDP by the national total, the national urban and the national rural population numbers, respectively, gave the following estimates - National per capita GDP: ETB 7,102; National Urban Per capita GDP: ETB 15,436; National Rural Per capita GDP: ETB 5,234. These figures demonstrate that the average national urban per capita GDP was more than double the national per capita GDP (urban and rural). Compared to that of rural areas, productivity in urban areas was threefold.

2.1.1 AGGREGATE CITY PRODUCT ESTIMATES FOR SECR CITIES

The 23 cities, for which the aggregate city product could be estimated as part of this study, accounted for 6.5% and 35.5% of the national and urban population, respectively, contributed to as high as 19.5% of the country's GDP in 2012/13.

BOX 2-2 CITY CATEGORIES

For the purpose of the analysis made in this chapter, the 27 SECR cities were divided into the following four city groups:

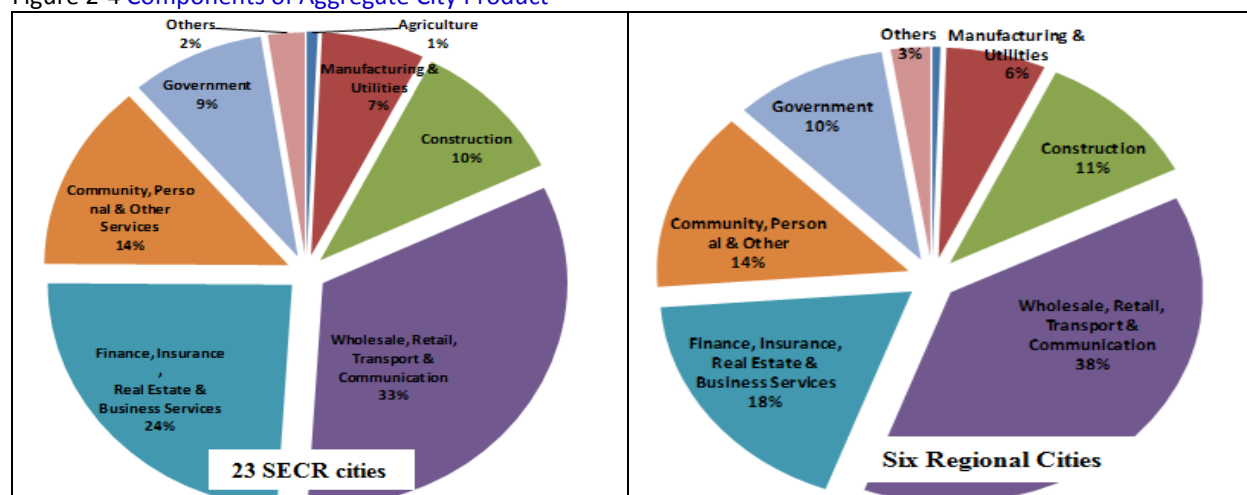
1. **Addis Ababa:** Addis Ababa as a primate city was treated separately in view of its population size and its disproportionate economic performance as compared to other cities.
2. **Regional administration and/or economic centre cities:** This comprises Adama, Bahir Dar, Dire Dawa, Harar, Hawassa and Mekelle. These cities have significant roles either as regional administration or economic centers. Their higher administrative status and large population size differentiates them from the other secondary cities. This group also includes Adama, the second most populous city next to Addis Ababa (in 2014), considering its population size and economic importance.
3. **Other Large and Medium Cities:** This group contains 16 medium and large cities that are located in the bigger regions of Amhara, Oromia, SNNP and Tigray. The 2014 population of the first ten cities, namely Gondar, Dessie, Jimma, Shashemane, Bishoftu, Wollaita Sodo, Arba Minch, Hosanna, Dilla and Nekemte was above 100,000. The remaining six cities, namely Debre Markos, Kombolcha, Adigrat, Shire-EndaSelassie, Axum and Adwa have population below 100,000; however they are fast growing and with considerable regional economic significance.
4. **Cities in Emerging Regions:** This group constitutes Jigjiga, Semera, Gambela and Assosa. With the exception of Jigjiga that has population size above 100,000, they currently have smaller population although exhibiting very fast growth in recent years associated with their administrative roles. These cities are grouped together due to their location in regions with special broad socio-economic and political significance.

Addis Ababa, although it accounted for 3.4% and 18.3% of the country's total and urban population, respectively contributed to 25 percent of the aggregate urban GDP, and 9.9% of the national GDP.

The aggregate city product of the 23 cities taken together was ETB 109.4 billion at 2011 constant prices, which accounted for 48% of the urban GDP (Box 2.1). From the 23 SECR cities, Addis Ababa alone generated 52% of the output with following sectoral break down: government (8%), manufacturing and urban utilities (8%), construction (10%), wholesale, retail, transport and communication (30%), finance, insurance, real estate and business services (28%), community, personal and other services (13%), agriculture (0.3%), and others (3%).

The largest 10 cities⁴ that accounted for 5.3% of the national population and 30% of the total urban population had a combined output equivalent to 13.2% of the national and 33.1% of the total urban GDP.

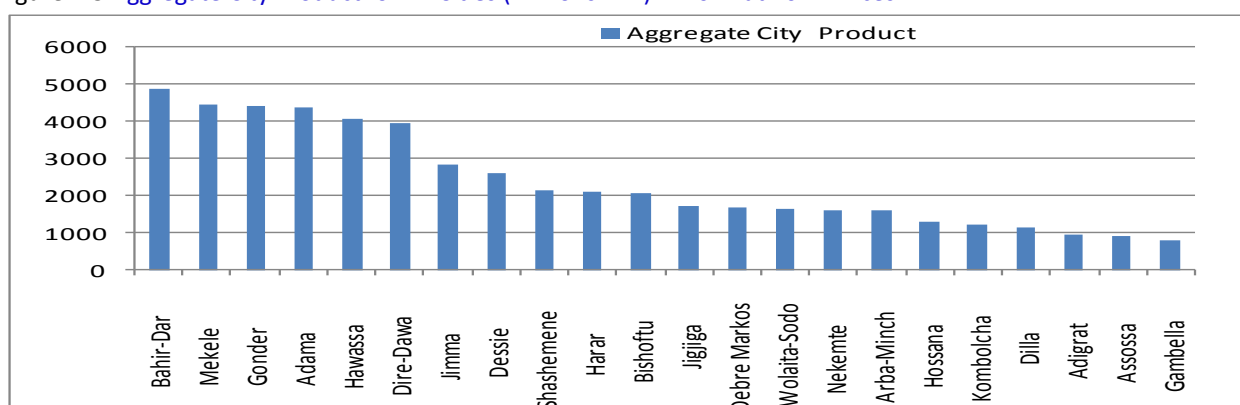
Figure 2-4 Components of Aggregate City Product



Source: Computed based on (CSA, 2014a) and (MoFED, 2013a).

The variations reflected above were related not merely to the population size of the urban centres (and hence the effects of agglomeration) but also to the fact that each city has its own unique opportunities and comparative advantages that influences its economic activity rates, employment structure, as well as overall productivity. This underlines the need for urban centres to design and implement policies and strategies that take advantage of their unique opportunities for development.

Figure 2-5 Aggregate City Product for 22 Cities (Millions ETB) in 2014 at 2011 Prices



Source: Computed based on (CSA, 2014a) and (MoFED, 2013a).

The trade, transport and communication sub-sector, which contributed to 33% of the aggregate city GDP, is invariably the most important and hence the main driver of growth in cities of all sizes. However, the output-to-employment ratio of this broad sector (ETB 42,470 per year) is relatively low, arguably due to the dominance of informal nature of some of the activities.

The finance, insurance, real estate and business sub-sector has an exceptionally high output-to-employment ratio (ETB 221,000 per year) and contributes to 24% of the total urban GDP. Due to the expansion of private banking and insurance operations in a number of towns as well as

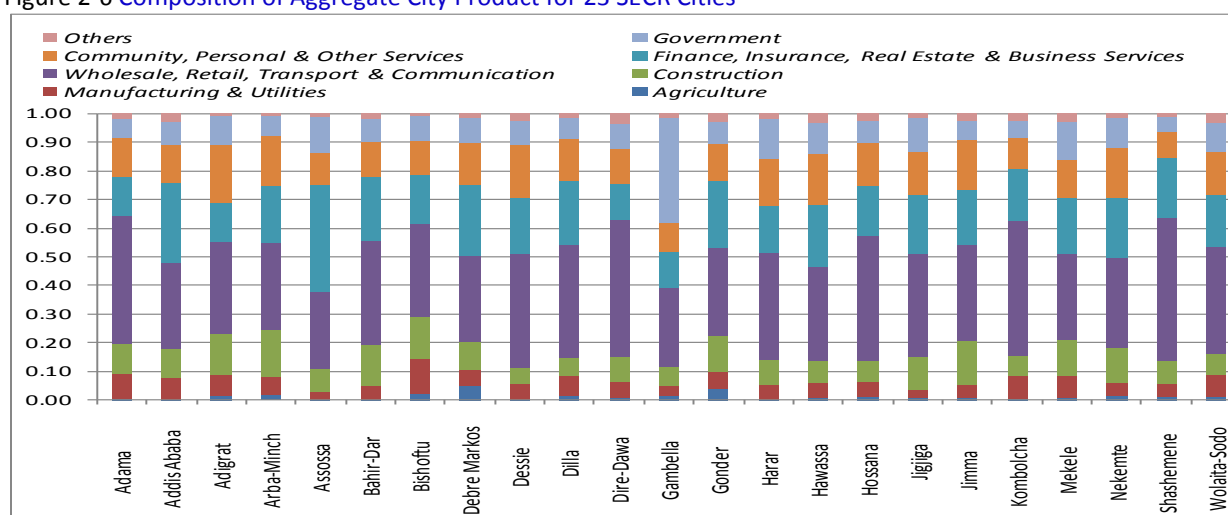
⁴ This group includes relatively larger cities of more than 100 000 populations in 2013, i.e., Addis Ababa, Adama, Mekelle, Gondar, Dire Dawa, Hawassa, Bahir Dar, Jimma, Dessie, and Bishoftu.

real estate development in Addis Ababa and a few regional cities, the contribution of this sub-sector appears more significant in towns with larger population concentrations.

The third important category is the community and personal services sector contributing to 14% of the cities' aggregate product. With output-employment-ratio of ETB 32750/year, it is playing an increasingly important role in urban economies due to concerted efforts by government to promote decentralization and improve delivery of social services. Its share is prominent in large regional and zonal administrative capitals such as Hawassa, Gondar, Mekelle, Bahir Dar, Adama, Jimma, Dessie and Dire Dawa.

The construction sector's share in the aggregate city output (10%) is slightly higher than that of the governmental sector (9%). Output-employment-ratio in this sector (ETB 42,230/year) is almost equivalent to that of the trade, transport and communication sector. About 50% of the construction-related GDP originates from Addis Ababa. Significant increases in the number of public and private construction projects across cities have contributed to expansion of employment in the sector. Public construction included the building of government offices, schools and health facilities as well as regional universities, which are financed by the government. It also involved construction of condominium houses under the IHDP as well as intra-urban road and drainage infrastructure. Private construction, on the other hand, largely involved building houses while, in larger cities, it also included hotels, shopping and office complexes and, to a certain extent, educational and medical facilities.

Figure 2-6 Composition of Aggregate City Product for 23 SECR Cities



Source: Computed based on (CSA, 2014a) and (MoFED, 2013a).

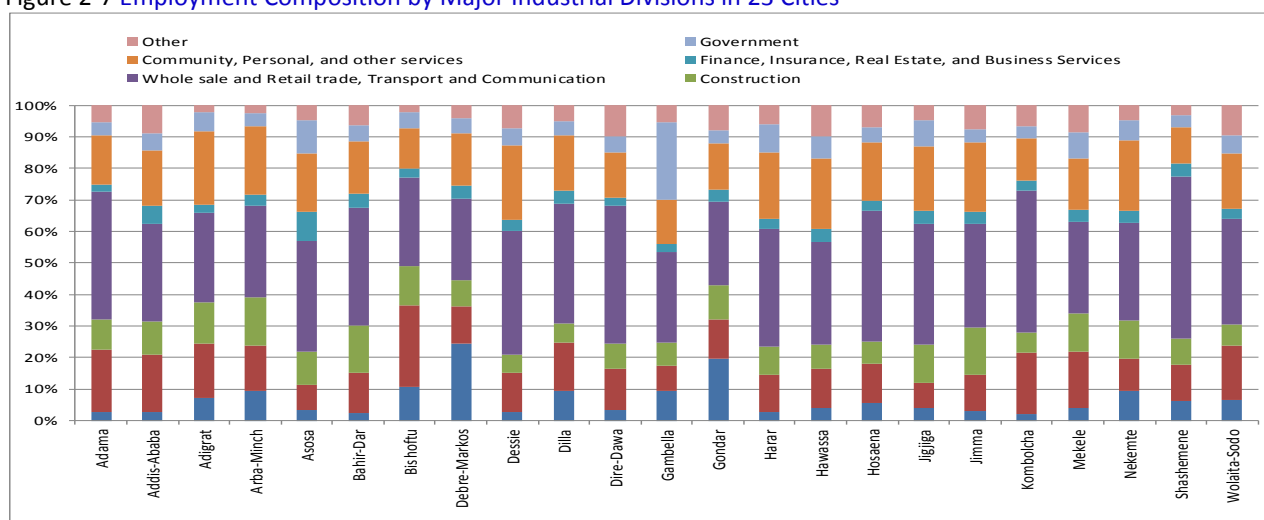
The contribution of government administration and related services to cities' GDP (estimated at 9%) is also considerable due to the federal arrangement, decentralization and restructuring of the public administration and social service sectors in major cities. The output-to-employment ratio of this sub-sector (ETB 65,680/year) is the second highest next to the finance, real estate and business sub-sector. The sub-sector is relatively more important in those urban centres serving as the seats of the regional state governments with large numbers of federal, regional and sub-regional offices. Its contribution is the highest in Gambella reflecting its dominance in the local economy, which is also less diversified as compared to many other towns.

Manufacturing contributed to only 7.8% of the cities' GDP, with a lower output-to-employment ratio (ETB 16,900/ year) compared to the other sectors except agriculture. Manufacturing is largely concentrated in Addis Ababa, the surrounding Oromia Special Zone, as well as other regional centres such as Adama, Mekelle, Gondar, Bishoftu, Bahir Dar, Dire

Dawa and Hawassa. This demonstrates that the manufacturing sector is at its infancy and cities will have to exert more effort to create enabling environments for its further development.

On the other hand, the contribution of agriculture to the cities' aggregate product (1%) is understandably very low, whereas its share is more visible in cities such as Debre Markos and Gondar with expanded administrative boundaries that also include a considerable number of farmers within their administrative boundaries. Urban agriculture, the sector with the lowest output-to-employment ratio of ETB 7000/year, provides employment and livelihoods to these communities that also supply a variety of food products to urban markets. Among the cities covered in the study, the agricultural sector has higher contribution in Bishoftu where there is a concentration of modern agro-enterprises that provide horticultural as well as meat, dairy and poultry products mainly to Addis Ababa as well as to the export market.

Figure 2-7 Employment Composition by Major Industrial Divisions in 23 Cities



Source: Computed based on (CSA, 2014a) and (MoFED, 2013a).

2.2 CITY PRODUCT PER CAPITA ESTIMATES

City product per capita (CPP) grossly measures city productivity and is calculated by dividing the total city GDP by the total city population indicated in the labour force survey. The average CPP for the 23 towns is estimated at ETB 20, 941 (about USD 1,000). Estimates of CPP for the 23 cities are presented in [Appendix 2.3](#).

Considerable variation exists among the 23 cities with the highest and lowest figures being for Asossa (ETB 31,664) and Adigrat (ETB 16,929). Asossa, having a population under 30,000, has the highest CPP, which is attributable to its more diversified economic base and a relatively high contribution of the finance, insurance, real estate and business subsectors (the sector with the highest output-employment-ratio). Moreover, it has considerably high economic activity rates and employment-to-population ratios, which were between third and fourth during the 2005 (CSA, 2006) and 2013 NLFS (CSA, 2014a).

Among the secondary cities, Bahir Dar, which again has a more diversified economic base, stood first in terms of CPP. Its tourist attraction areas, long established educational institutions and its role as the seat of the regional administration are reckoned to have contributed to its higher productivity. Moreover, according to the last two NLFSs, the city is ranked as the first in economic activity rate and employment-to-population ratio. On the other hand, the CPP for Addis Ababa (which is expected to possess the most diversified urban economy) has a median

value, which could be associated with lower levels of economic activity rates and employment-to-population ratios. As the productivity of cities is, in large measure, dependent on the size and dynamics of the labour force, the next section analyses the employment situation.

2.3 LABOUR FORCE ANALYSIS

As the second most populous country in Africa, Ethiopia's population is often considered as one of its key resources offering immense potential for its economic growth and transformation. Accordingly, this section reviews the state of labour force participation in the SECR cities, the characteristics of employment and unemployment, challenges of youth, women and graduate unemployment as well as other labour market conditions.

2.3.1 ECONOMIC ACTIVITY RATE AND EMPLOYMENT-TO-POPULATION RATIOS

ECONOMIC ACTIVITY RATE

According to the 2013 NLFS data (CSA, 2014a), the mean economic activity rate for the total (male and female) population of the SECR cities was 63.4% with maximum and minimum rates of 75.4% (Bahir Dar) and 44.9% (Jigjiga). Based on the same 2013 NLFS data, the mean activity rate for SECR cities was unexpectedly lower than the national urban average of 66.5%.

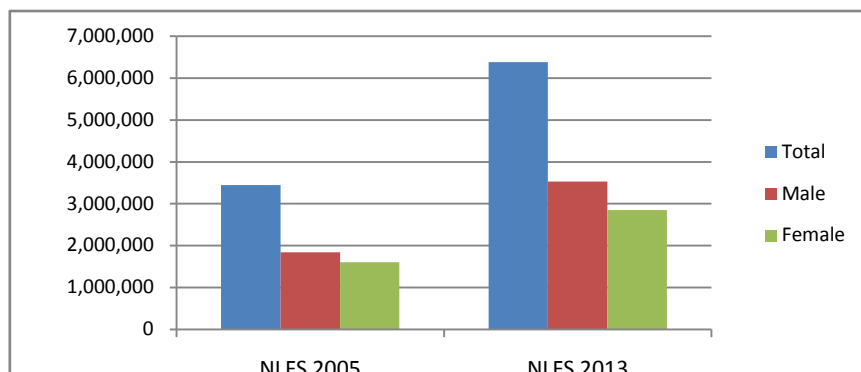
Compared to the situation reported in the 2005 NLFS (CSA, 2006), the economic activity rate in 2013 slightly increased from 63.4% to 66.5%. Likewise, female economic activity rates have shown slight improvements during the same period from 59.1% to 60.5%. However, the economic activity rates for males (73.3%) and females (60.5%) still show a clear gender imbalance. On the other hand, according to the latest 2014 Urban Employment and Unemployment Survey (UEUS), the overall economic activity rate was estimated at 63.7%. When disaggregated by gender, the corresponding figures for male and females are 71.1% and 57.2%, respectively (CSA, 2014b). The lower economic activity rate for females represents a significant loss of productivity due to lack of access to job opportunities, which is more so when one takes into account the lower sex ratio in urban centres, i.e., 90% in 2014.

Of the cities covered in this report, the highest overall economic activity rate was in Bahir Dar (75.4%) followed by Debre Markos (72.3%), while the lowest was in Jigjiga (44.9%). High economic activity rates in the first group of cities indicate a better level of utilization of the labour force. In contrast, low activity rates as those observed in the second group of cities is a challenge to be addressed as it implies the presence of a large proportion of the labour force that does not optimally contribute to the development of these cities. This, in particular, underlines the need to address key constraints for employment generation and business expansion such as shortage of employable skills as well as basic infrastructure and services.

EMPLOYED POPULATION

According to the 2013 NLFS, the 23 SECR cities account for 40% of the total 6.4 million employed population in urban areas. Furthermore, 44.5% of the employed population in the SECR cities was within the youth age group of 15-29 years. From the total employed youth population in the SECR cities, the proportion of female youth was only 22.6 % (CSA, 2014a).

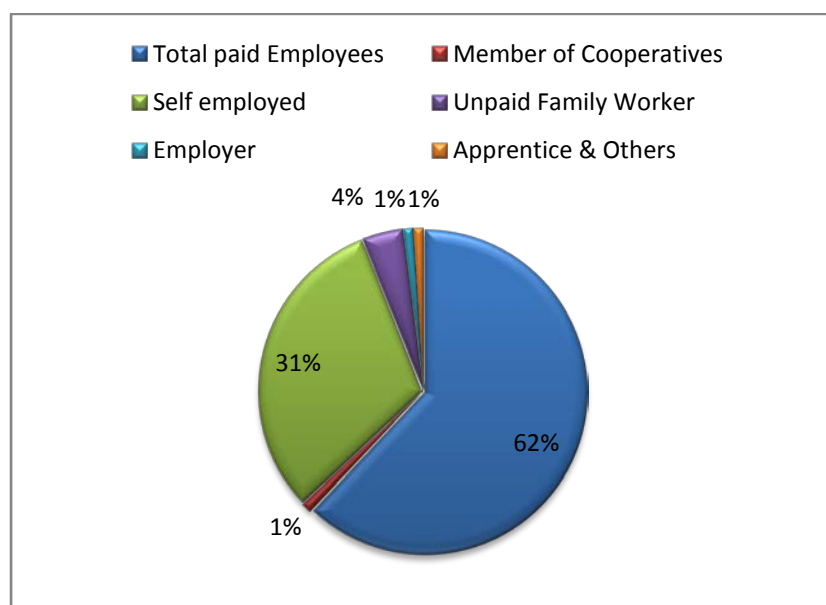
Figure 2-8 Changes in National Urban Employment between the 2005 and 2013 NLF SURVEYS



Source: (CSA, 2006) and (CSA 2014a).

Compared to the results of the 2005 NLFS, total urban employment in 2013 exhibited a significant increment of about 3 million persons. The 2014 UEUS report also shows that the number of those employed in urban centres was close to 6.4 million.

Figure 2-9 Composition of the Employed by Employment Type in 23 secr cities



Source: (CSA 2014a).

Both the NLFS and UEUS indicate that the urban economy, on the average, was creating more than half a million jobs per year. During this period, the Ethiopian economy was also enjoying high growth rates associated with the implementation of the government-led MSE Development Programme and the growing domestic and foreign private investment.

EMPLOYMENT –TO-POPULATION RATIO

According to the latest UEUS, the employment-to-population ratio⁵ for urban centres was 52.6%; 63.1% for males and 43.4% for females (CSA, 2014b). Based on the 2013 NLFS, the ratio was 55.5% with a significant difference between the males (65.6%) and females (46.6%). The gender disparity of 19.7% (in case of the UEUS) or 19% (in case of the NLFS) represents significant loss of productivity for Ethiopian urban centres.

Table 2-1 **Employment-to-Population Ratios (2005 and 2013)**

Employment-to-Population Ratio	2005 NLFS		2013 NLFS	
	City	%	City	%
Highest male and female employment population ratio	Bahir Dar	53.9	Bahir Dar	64.3
Lowest male and female employment population ratio	Jigjiga	34.9	Jigjiga	34.7
Highest female employment population ratio	Bahir Dar	48.1	Debre Markos	58.2
Lowest female employment population ratio	Jigjiga	24.7	Jigjiga	28.2
National urban ratios for both sexes	-	44.8	-	50.9
National urban ratios for female population	-	37.0	-	41.6

Source: (CSA, 2006) and (CSA 2014a).

There have been improvements on employment to population ratios for the total (both sexes) and female population since the 2005 NLFS. Accordingly, from 2005 to 2013 for both sexes and female working population exhibited increases of 13.6% and 12.4%, respectively. Data on the 23 of the 27 SECR cities is shown in [Appendix 2.4](#).

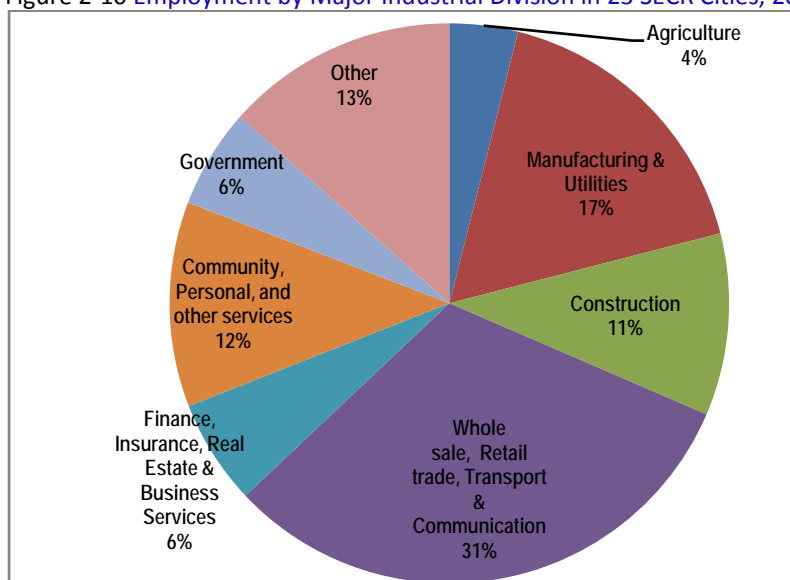
2.3.2 CHARACTERISTICS OF EMPLOYED POPULATION

EMPLOYMENT BY INDUSTRIAL DIVISION, OCCUPATION AND SKILL LEVELS

The composition of urban employment by industrial division, occupation type and skill level are considered as key labour market indicators. Analysis made for the 23 urban centres covered under this report and for which data is obtained from the recent national labour force survey (CSA, 2014a) reveals that the ‘wholesale, retail trade, transport and communication’ major division employs the largest number of persons (31%) followed by ‘manufacturing and utilities’ (17%), while employment in urban agriculture was the lowest at 4%.

⁵ Employment to population ratio is calculated as percentage of total employed persons to the working age populations aged ten years and above.

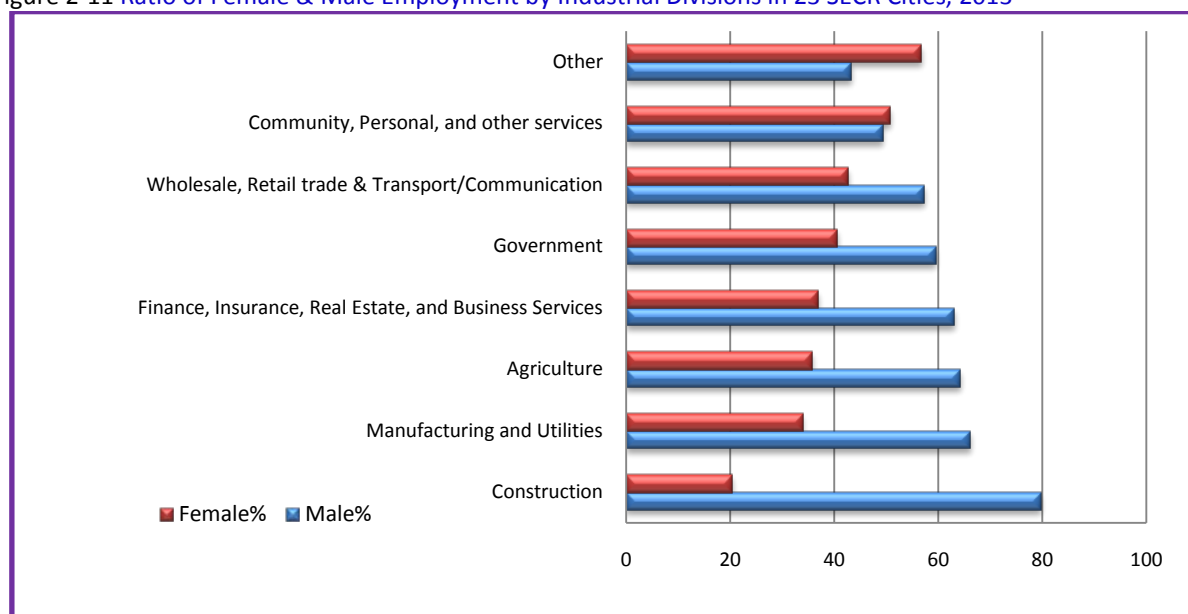
Figure 2-10 Employment by Major Industrial Division in 23 SECR Cities, 2013



Source: (CSA 2014a).

Gender wise, the proportion of female employment is higher in the major industrial division categorized as ‘other’ (57%) that includes household activities, followed by ‘community personal and other services’ (51%), while they are underrepresented in the ‘construction’ (20%) and manufacturing (33%) sectors.

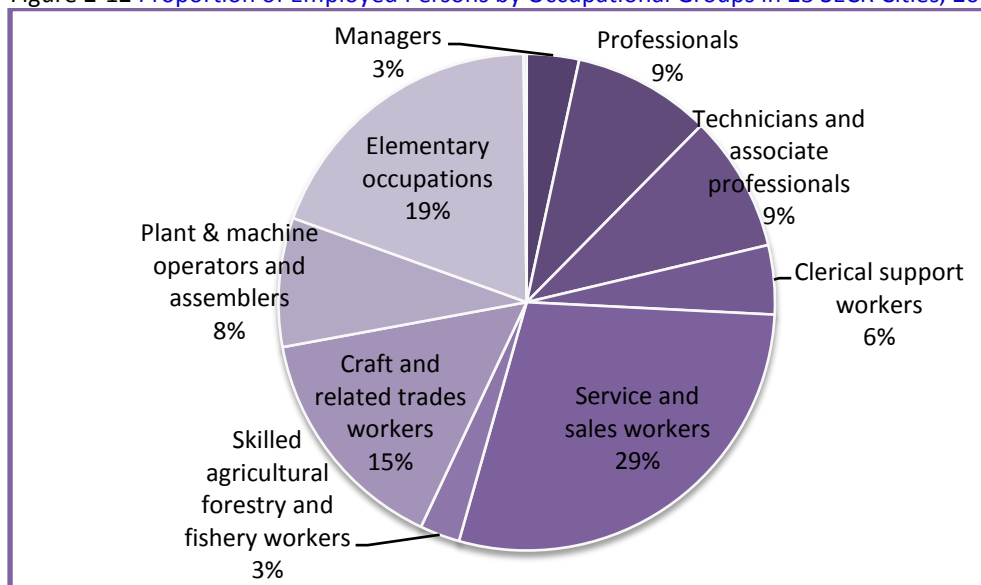
Figure 2-11 Ratio of Female & Male Employment by Industrial Divisions in 23 SECR Cities, 2013



Source: (CSA 2014a).

Looking at the quality of employment in terms of major occupational groups, the service and sales occupations dominate (29%), followed by elementary occupations (19%) and craft and related trade workers (15%). In terms of occupation type, the share of females is more dominant in clerical support (67%), service and sales (57%), whereas they are underrepresented as ‘plant and machine operators and assemblers’ (11%) and ‘managers’ (28%).

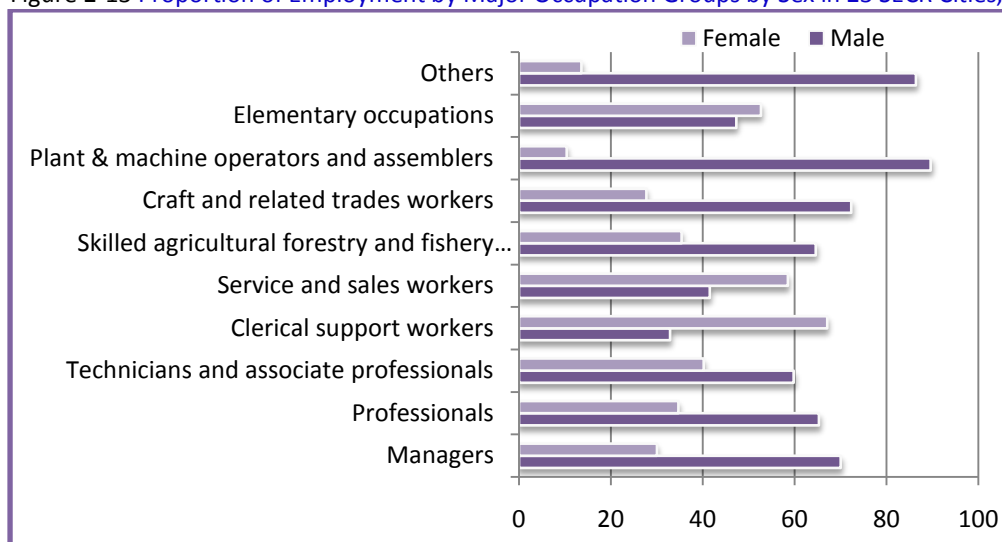
Figure 2-12 Proportion of Employed Persons by Occupational Groups in 23 SECR Cities, 2013



Source: (CSA 2014a).

On the other hand, categorization of the total employment by skill levels shows the dominance of low level of skills (at 60%), whereas only 18% of the total employment belongs to the high skill category. When disaggregated by gender, significant differences exist among occupational skills levels. In case of males, the weight of high, medium, and low skilled occupations in the total employment is 22%, 26%, and 52%, respectively, while the corresponding figures for females are 14%, 16%, and 71%, respectively, indicating that employed women are less represented in the higher and medium skilled jobs compared to the low skilled occupations which they dominate. It therefore speaks to the need to prioritize women empowerment programmes while ensuring greater participation of women in education and skills development programmes, an important move towards more inclusive cities in Ethiopia.

Figure 2-13 Proportion of Employment by Major Occupation Groups by Sex in 23 SECR Cities, 2013

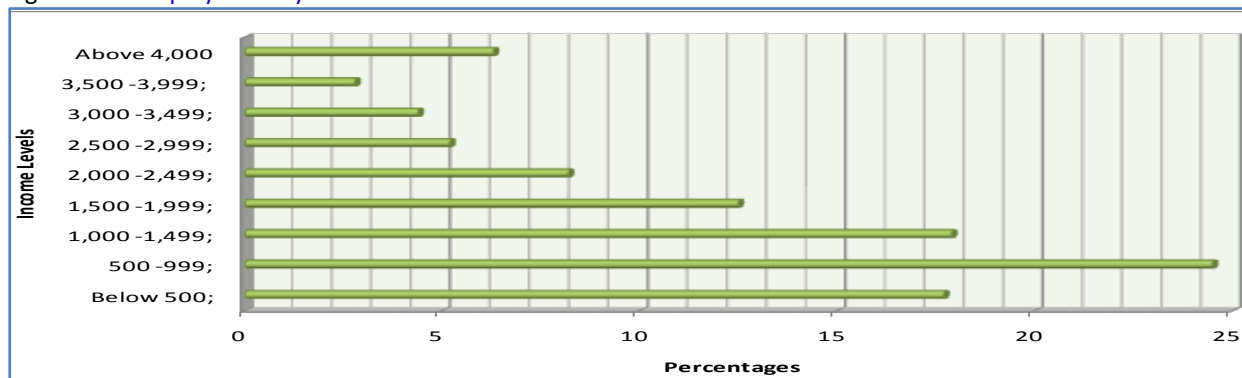


Source: (CSA 2014a).

EMPLOYMENT AND INCOME

The distribution of paid employees by their total monthly income shows that a significant proportion belong to the low payment categories of less than ETB 1,000, whereas only a small percentage belongs to the high monthly payment category of ETB 3,000 and above. Such inequality has negative implications on any attempt to achieve more equitable cities in Ethiopia.

Figure 2-14 **Employment by Income Levels in the 21 SECR Cities**

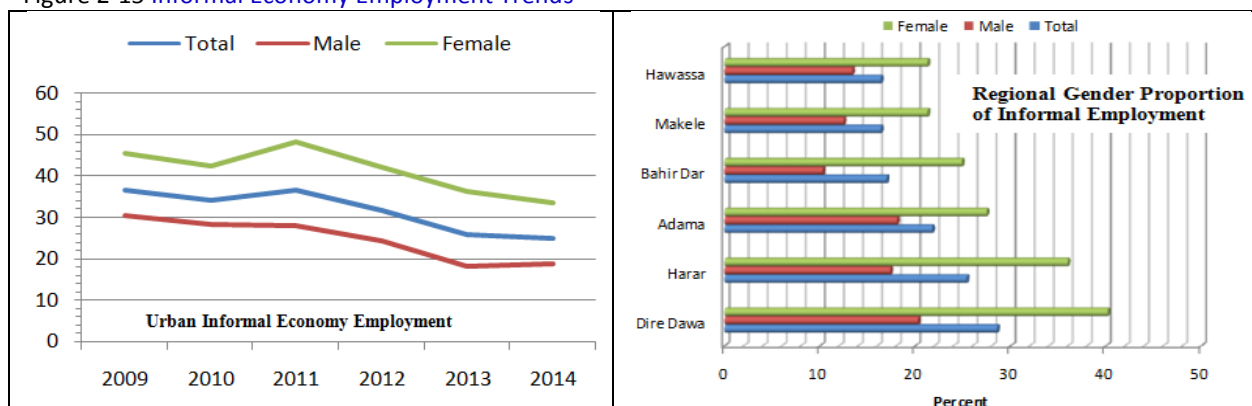


Source: (CSA 2014a).

EMPLOYMENT IN THE INFORMAL ECONOMY

In 2014, the proportion of informal sector employment was 24.9%, the corresponding figures for males and females being 18.7 and 33.6%, respectively (CSA, 2014b). The percentage of informal sector employment has steadily declined in comparison to previous years. This decline is in the main to be attributed to pro-poor and pro-growth employment strategies implemented in the major cities and that provided job opportunities for scores of youths and women in urban areas of the country particularly through the MSE Development Program.

Figure 2-15 **Informal Economy Employment Trends**



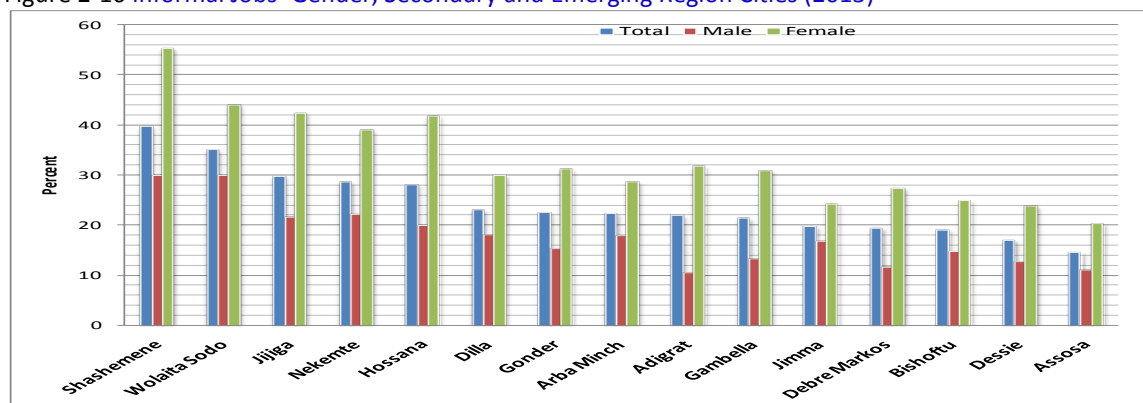
Source: (CSA, 2014a) and (CSA 2014b).

A recent study (World Bank, 2014b) indicated that the decline in informal employment in Addis Ababa is due to the growth of formal employment at annual growth rates of 33.3% in 2009, 11% in 2010, 5.3% in 2011, and 13.5% in 2012. In contrast, growth in employment is found to be low in many fast growing secondary cities with more widespread informal employment.

In terms of gender, the percentage of informally employed females (33.6%) is about twice higher than that for males (18.7%) in 2014. This higher proportion of informal employment for females indicates constraints in the urban labour markets in terms of providing adequate formal jobs for women.

Most informal sector operators are women with low-level education who have a propensity to employ only one or two additional employees. They also tend to use unpaid family members or temporary workers. Almost all are sole proprietorships, but they do not keep book of accounts. They sell on cash terms and operate about 11 months of the year. More than half are home-based, sell nearly exclusively to consumers in the domestic market (World Bank, 2007).

Figure 2-16 Informal Jobs–Gender, Secondary and Emerging Region Cities (2013)



Source: (CSA 2014a).

In 2013 (CSA, 2014a), out of the total informal employees in urban areas, 38.1% were engaged in trade (mainly retail trade), followed by 32.8% in manufacturing, construction, mining and quarrying, 16.3% in other services, as well as 12.8% in agriculture and related activities. In terms of gender, in the same year, 44.3% of the total informal jobs for females were in trade (mainly retail trade), followed by 34% in manufacturing, construction, mining and quarrying, 14.5% in other services, and 7.1% in agriculture and related activities. Further, as studies indicate, strongly gendered or typically female informal sector activities include: food processing, services (hotels and restaurants) and trade. Of the total 1,403,702 persons engaged in the informal sector in 2014, 31.4% worked at home, 19.6% in "Gulit" or small neighbourhood level open markets, 11% in business premises, 9.9% on the street, and 7.8% on farms. The rest, 7.7% work anywhere as available, 3.9% where customers are available, 3.2% at construction sites, 1.4% in offices, and 0.6% in factories (CSA, 2014b).

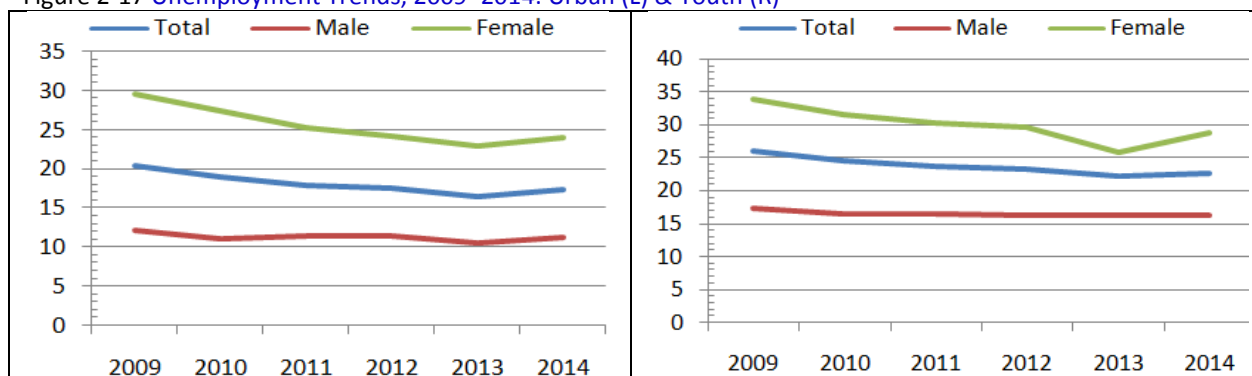
2.3.3 STATE OF UNEMPLOYMENT AND YOUTH UNEMPLOYMENT

Unemployment is a key urban development issue, particularly in the larger urban centres that are covered by the present study. This sub-section assesses the status, trend, and features of unemployment in urban areas of the country and in the selected cities.

UNEMPLOYMENT

The overall unemployment rate in urban areas declined from 20.4% in 2009 to 17.4% in 2014. In terms of gender, male unemployment declined from 12.2% in 2009 to 11.3% in 2014, with female unemployment declined from 29.6% in 2009 to 24.1% in 2014 (Figure 2.17).

Figure 2-17 Unemployment Trends, 2009–2014: Urban (L) & Youth (R)



Source: (CSA, 2014a) and (CSA, 2014b).

This indicates significant progress in reducing unemployment in urban areas. This is attributable to the creation of substantial job opportunities for youths and women, particularly through MSEs. However, the current two-digit unemployment rate still represents a significant challenge for all cities across the country. In addition, given the disparity in employment rates that tend to favour males, there is need for intensification of affirmative action programmes that make for equity and inclusion in cities to enable higher dividends of urbanization for all (CSA, 2014b).

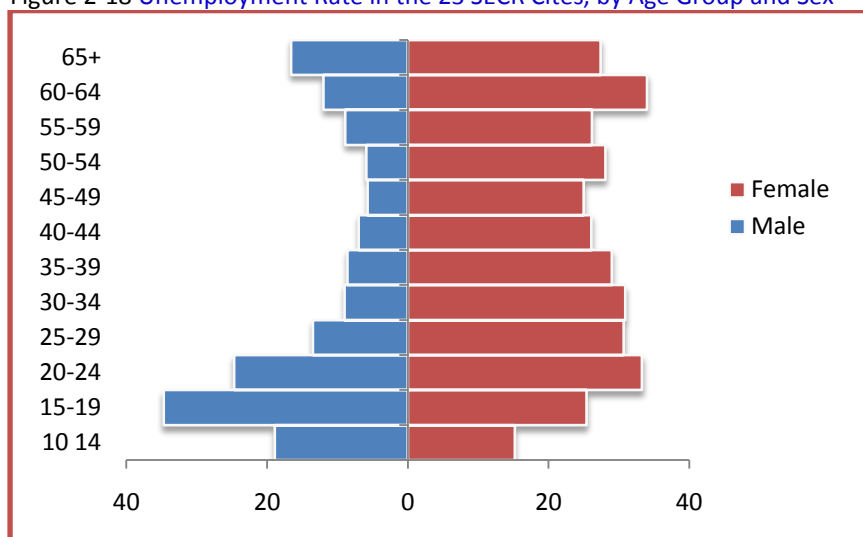
A World Bank study noted the prevalence and protracted duration of unemployment in Ethiopia as very striking. Given the persistent high level of unemployment during periods of rapid economic growth, the study sees unemployment in the country as structural rather than cyclical in nature. The study regards new entrants to the labour force as the main source of the newly unemployed, followed by job losses in the private sector (World Bank, 2007). Moreover, because of a rather weak linkage between growth and employment, the lagging of employment behind output, and lack of labour shifts from low-to-high productivity sectors, the sectors with the highest productivity levels were not able to absorb significant labour. Despite strong growth, the urban economy has struggled to create sufficient productive employment opportunities for the educated urban youth (World Bank, 2014b).

YOUTH UNEMPLOYMENT

Overall 57.6% of the unemployed population comes under the Ethiopian definition of youth (15-29 year olds). According to the latest CSA's UEUS (CSA, 2014b), the overall urban youth unemployment rate had declined from 26% in 2009 to 22.8% in 2014. Male youth unemployment rate exhibited a modest decline from 17.4% in 2009 to 16.3% in 2014, while the rate of unemployment for female youth declined from 33.9% in 2009 to 28.8% in 2014. Notwithstanding special attention given by the MSE Development Program to provide employment opportunities to women, this higher unemployment figure for young females, once again, reflects serious shortcomings in the urban labour markets in terms of providing adequate job opportunities for young females and women. From the total unemployed youth population in 2013, the proportion of females was 53.8% (Figure 2.18). The rate of youth unemployment in urban areas indicates the gravity of the problem across the country and calls for concerted cross-sectoral responsive strategies to widen youth employment thereby creating more productive cities that offer better employment opportunities.

The rate of youth unemployment is above the average for urban areas in Kombolcha, Nekemte, Bahir Dar, Asossa, Gambela, Shashamane and Wollaita Sodo cities, while Addis Ababa and Dire Dawa cities exhibit, in relative terms, lower rates of youth unemployment (Figure 2.19).

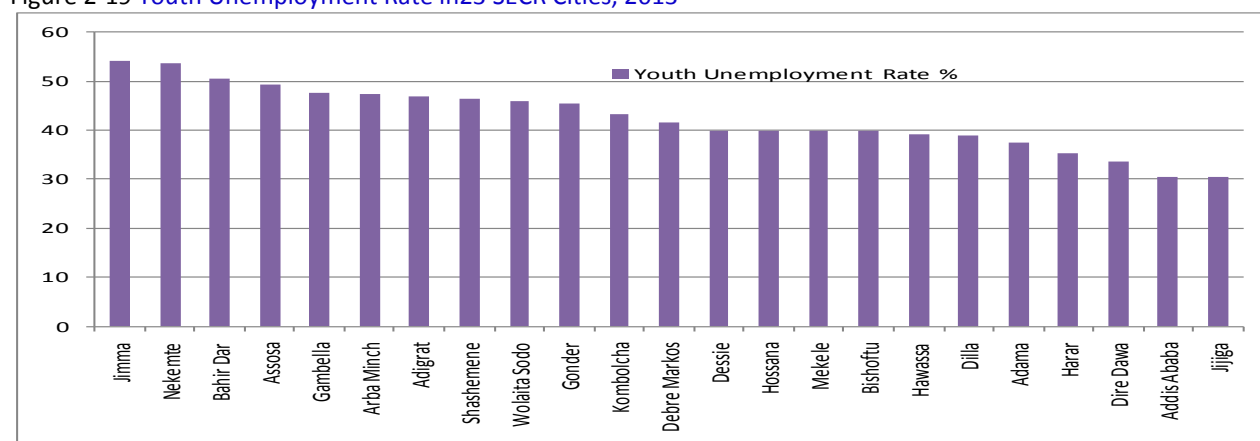
Figure 2-18 Unemployment Rate in the 23 SECR Cites, by Age Group and Sex



Source: (CSA, 2014a).

This may be attributed to better job opportunities in larger cities such as Addis Ababa linked to the boom in the construction sector that, in the main, hires young workers. Moreover, the city tends to attract large volumes of domestic and international investment by virtue of their location, relatively better infrastructure and concentrated demand for goods and services.

Figure 2-19 Youth Unemployment Rate in 23 SECR Cities, 2013



Source: (CSA, 2014a).

GRADUATE UNEMPLOYMENT AS AN EMERGING ISSUE

During the past two decades, Ethiopia has invested a lot on expanding its educational facilities as reflected in significant current enrolments at different levels. The data depicted in Table 2.2, shows a very large enrolment at the lower levels of the educational system (enrolment in primary schools was about 16.5 million in the year 2012/13), which eventually feeds into the next higher level (MoE, 2014). The existing capacities at secondary schools and TVET, on the other hand, are roughly above 2 million, which is likely to represent serious facility bottlenecks with far reaching implications. This is more so as it may further exacerbate the unemployment problem as a significant portion of the students coming from the lower levels may not find their way to the preparatory schools (grades 11 and 12) or TVET institutions unless existing facilities are sufficiently expanded in due time.

Table 2-2 Educational Enrolment Highlights (2012/13)

Grade	Female	Male	Total
Enrolment 1-8 grade-urban regular	1,584,457	1,599,328	3,183,785
Enrolment 1-8 grade-rural regular	6,309,443	7,042,807	13,352,250
Total for urban + rural	7,893,900	8,642,135	16,536,035
Students who sat for Grade 8 examinations	501,163	523,887	1,026,163
Grades 9 and 10 Enrolment	729,928	812,314	1,542,242
Grades 11 and 12 Enrolment	159,346	199,147	358,463
TVET Enrolment	122,427	116,457	238,884
Undergraduate - regular Enrolment	94,953	222,846	317,799
Number of graduates - regular, first degree	14,820	39,467	54,317

Source: (MoE, 2014).

In fact, as shown in Table 2.3, total enrolment in TVETs has been declining in recent years, which could be considered as a response to the challenges many TVET graduates face to get employment, notwithstanding the emphasis being given to self-employment creation and the current efforts by the Ministry of Education and the TEVT sector to adopt a demand-oriented model in making decisions about new enrolments.

Table 2-3 TVET Enrolment (2008/09-2012/13)

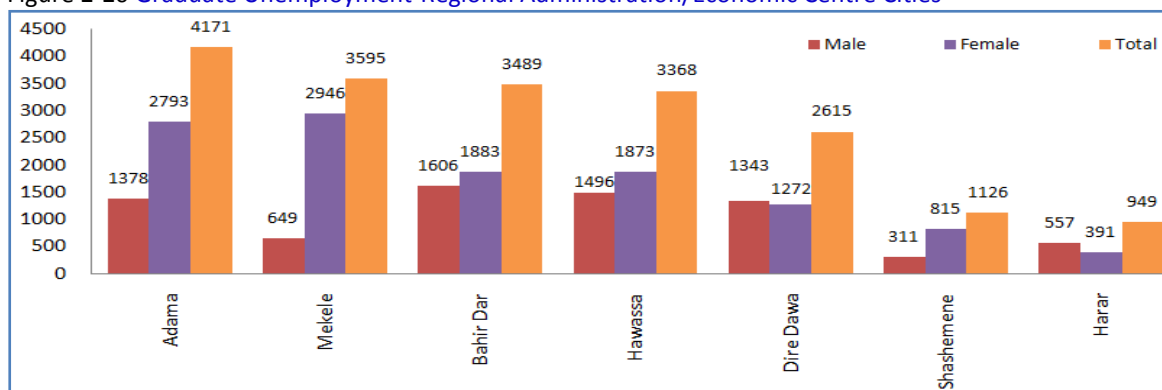
Sex	2008 - 2009	2009 - 2010	2010 - 2011	2011 - 2012	2012- 2013	AAGR (%)
Male	165,910	196,937	199,799	173,148	116,457	-8.5
Female	142,591	158,483	171,548	157,261	122,427	-3.7
Total	308,501	353,420	371,347	314,159	238,884	-6.2
% Female	50.3	43.9	48.0	46.2	51.2	

Source: (MoE, 2014).

With the establishment and starting operation of new universities, the total enrolment of 317,799 in 2012/13 is likely to further increase in the coming years. On the other hand, the number of regular first degree graduates has significantly grown to reach 54,317 in 2012/13. Reckoning the match between the demand and supply of university graduates is difficult, however, as universities do not keep tracer data on their *alumni*, notwithstanding the dearth of the available labour market information. Data obtained from the 2013 NLFS, however, sheds some light on the extent of graduate unemployment in the Country's major cities. Out of the total 700,759 unemployed persons reported for the 23 SECR cities, 11% have college diplomas or university degrees ([Appendix 2.6](#)).

Addis Ababa accounts for 53% of the graduate unemployed among the SECR cities and, as shown in Figure 2.20), the problem of graduate unemployment is pronounced in the bigger urban centres. The country cannot afford this given the severe shortage of skilled labour force it is currently facing. A major challenge the unemployed graduates will be facing is a decline in their fitness for the labour market as they wait to find jobs, which will definitely affect the overall performance of the economy and could also be a source of social problems.

Figure 2-20 Graduate Unemployment-Regional Administration/Economic Centre Cities



Source: (CSA, 2014a).

In fact, it is a high time to revisit the Industry-University/TVET linkages so that universities could contribute to enhancing urban productivity by leveraging efficiency in the labour market (Box 2.3).

BOX 2-3 TOWARDS MAKING CITY UNIVERSITY LINKAGE WORK FOR ETHIOPIAN CITIES

All the 27 cities covered by SECR have at least one Federal Government university which draws students from different parts of the country. Many of the relatively larger towns also have private colleges; whilst Addis Ababa has the highest concentration of private and public universities and colleges. Although some universities were recently established, a number of cities also host some of the biggest universities in the country, including Hawassa, Bahir Dar, Mekelle, Jimma and Adama. Apart from the universities' direct impact on the local economy they have huge multiplier effects on the local economy which invariably results in expansion of the local service industry.

The linkages between universities and cities can be diversified in potential areas of cooperation such as conducting joint projects on issues of common interest, long term research engagements, community services and student internships. Yet, apart from the presence of some initial efforts, none of the 27 cities have reported university-city linkages and partnerships that can be used as good practice experience. A notable, encouraging exception is the annual research symposia most universities have started to organize where some case studies are presented. Otherwise, the interactions of universities with their cities are confined to the university requests for additional land, which in many cases are facilitated through regional governments or the Ministry of Education.

Universities under the Ethiopian higher education reform program are expected to engage with nearby communities and businesses or industry. All have University Industry Linkage and Community Service (UILCS) offices with mandates to conduct research and extension work. Cities should take advantage of the opportunities created by this paradigm shift. This may, in fact, leverage a simultaneous twinning of cities and universities. As an example, the four lakeside cities of Hawassa, Bahir Dar, Arba Minch and Bishoftu can explore a wide range of possible initiatives including sustainable fishing, ecosystem management and climate change resilient and green entrepreneurship. Each city, small or big and, each university, established or young, could explore the possibilities for such linkages.

The inherent challenges associated with data availability and its management and the dearth of contextualized research on local developmental issues should motivate them to work in partnership with universities to improve service delivery for their ever increasing populations. It is evident that both cities and universities need each other. Regional states and MUDHCo can initiate exploratory activities including brainstorming workshops and development of proposals for university-city partnerships. Cities can also initiate exploratory discussions with universities to build partnerships on their own. Sharing good practices in this area may also motivate others to start proactive engagement with universities.

Source: (FDRE, 2009) and (Jimma University, 2011).

2.4 MICRO AND SMALL ENTERPRISE DEVELOPMENT

2.4.1 NATIONAL CONTEXT

The underlying reason for reinvigorating the implementation of the Micro and Small Enterprise (MSE) Development Strategy in urban centres under the Plan for Accelerated and Sustained Development to End Poverty (PASDEP) implemented from 2005/6-2010-11 (MoFED, 2006) was the alarming unemployment problem as exhibited by the results of the 2007 census. In major cities such as Addis Ababa and secondary towns, the level of unemployment was running above 30% with female and youth unemployment exceeding 40% in some cities. Hence tackling urban unemployment was considered as the number one priority of urban administrations and the 1997 MSE Strategy was replaced with a more elaborate strategy in 2010/11. The modification was made following the issuance in 2005 of the National Urban Development Policy that identified the MSE development strategy as a solution to the unemployment problem rampant in Ethiopian cities. The new MSE strategy came up with a revised definition for MSEs⁶ and also underlined the need to promote forward and backward linkages between MSEs and the wider economy while prioritizing manufacturing MSEs.

For the first time, regional governments and urban authorities were directed to make employment creation as their top priority and the Federal Micro and Small Enterprise Development Agency (FeMSEDA)'s answerability was transferred from the Ministry of Industry to MUDHCo. At the regional level, bureaux for Urban Development and Construction as well as for Trade and Industry were charged with the lead role in promoting MSEs, while city administrations established units for MSE promotion under the Trade and Industry Promotion offices. In addition TVET institutions were directed to take a lead in improving the technical skills of newly formed enterprises. The implementation of the MSE development program was aligned with: (a) the implementation of the IHDP; (b) the establishment of new universities; and (c) reforms in SWM and other areas of urban management.

According to FeMSEDA, after four years of implementation, a total of 217,636 MSEs were established in urban areas by 2013/14. Only 7.3% of these were considered as small, while the remaining 92.7% were micro enterprises. At start-up, these MSEs had 540,602 operators, of which 36.5% were females. Considering their stage of development, a study by MUDHCo (MUDHCo, 2014a) indicates that 85% of the MSEs were at the start-up stage while 9.3% and 1.4% were at growth and maturity stages, respectively. In terms of sectoral distribution, enterprises engaged in trade represented 43.2%, with 24.5% in service provision, 14.9% in manufacturing, 10% in urban agriculture, and 6.9% in construction.

2.4.2 ASSESSMENT ON SELECTED CITIES

According to information obtained from the 27 cities covered by SECR, the total number of existing MSEs in 2006 E.C. was 76,365. The MSEs figures reported here refer to those enterprises established with government support and do not include those private enterprises operating as per the Commercial Registration and Business Licensing Proclamation No. 686/2010 (FDRE, 2010) and that fall under the official definition of MSEs mentioned above.

⁶ According to the revised definition, micro enterprises refer to those employing upto five persons and with a capital of upto Birr 100,000 in case of industries and up to Birr 50,000 in case of the service sector. Small enterprises are those employing from 6 up to 30 persons and with capital of Birr 100,001 to 1.5 million in case of industrial establishments, and Birr 50,001 to 500,000 in case of the service sector.

NUMBER AND AVERAGE SIZE OF MSEs

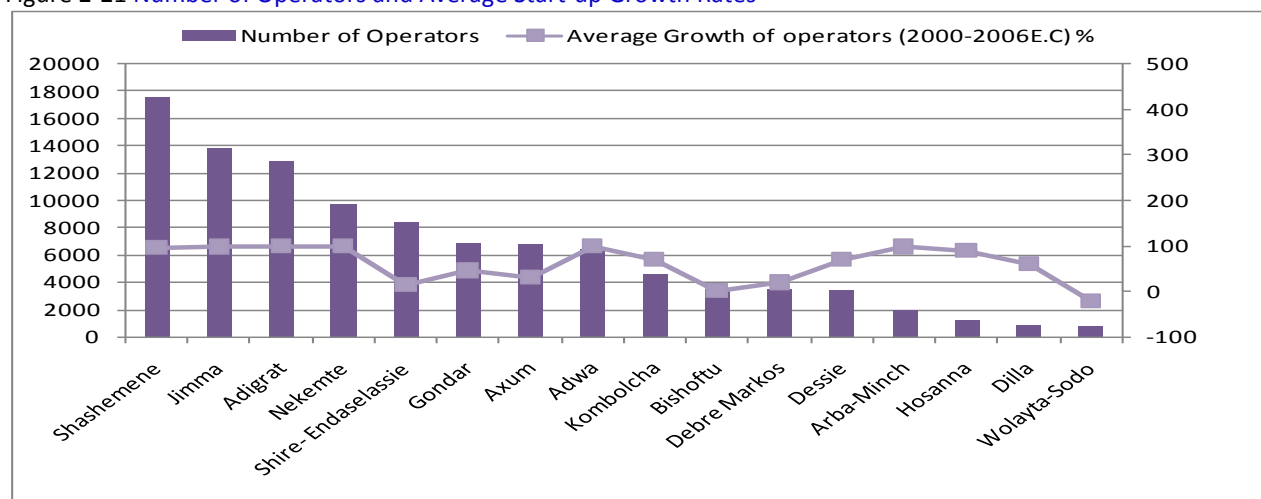
Out of the total MSEs, 35% were found in the six regional administration and/or economic centre cities, Addis Ababa accounted for 9.7%, 54.4% were in the remaining 16 medium and large cities, while only 1.0% was reported in four cities from four emerging regions. Apart from their small population, these towns were also late starters in implementing the MSE development programme. A higher figure for average number of operators per MSE (9.2) was found in Addis Ababa.

Within the regional administration and/or economic centre cities, Mekelle accounted for 59.8% of the MSEs, while Adama and Bahir Dar followed with 23.1% and 13.8%, respectively. While the majority of the enterprises were formed in Mekelle, the enterprise sizes are relatively smaller with an average of 1.2 operators per enterprise. Adama leads this group at an average of 5.5 operators per MSE.

Among the other medium and large cities, Adigrat, Shire Endasselassie and Axum, all of them in Tigray region, accounted for 50.3% of the total number of MSEs. With a total of 59 and 120 MSEs, Wollaita Sodo and Dilla are found to be the towns with smaller number of MSEs. Enterprise sizes were generally low in the three towns of Tigray region as well as many other towns in this group, whereas a relatively high operator per MSE was found in Shashemane and Bishoftu with averages of 5.8 and 6.1 operators per MSE.

The variation in the average size of enterprises across urban centres and the observed differences in the average size of enterprises at city level suggest the need to provide tailor-made support to MSEs. This is important as the challenges MSEs would face is expected to vary according to their size suggesting the need to accordingly calibrate support packages.

Figure 2-21 Number of Operators and Average Start-up Growth Rates



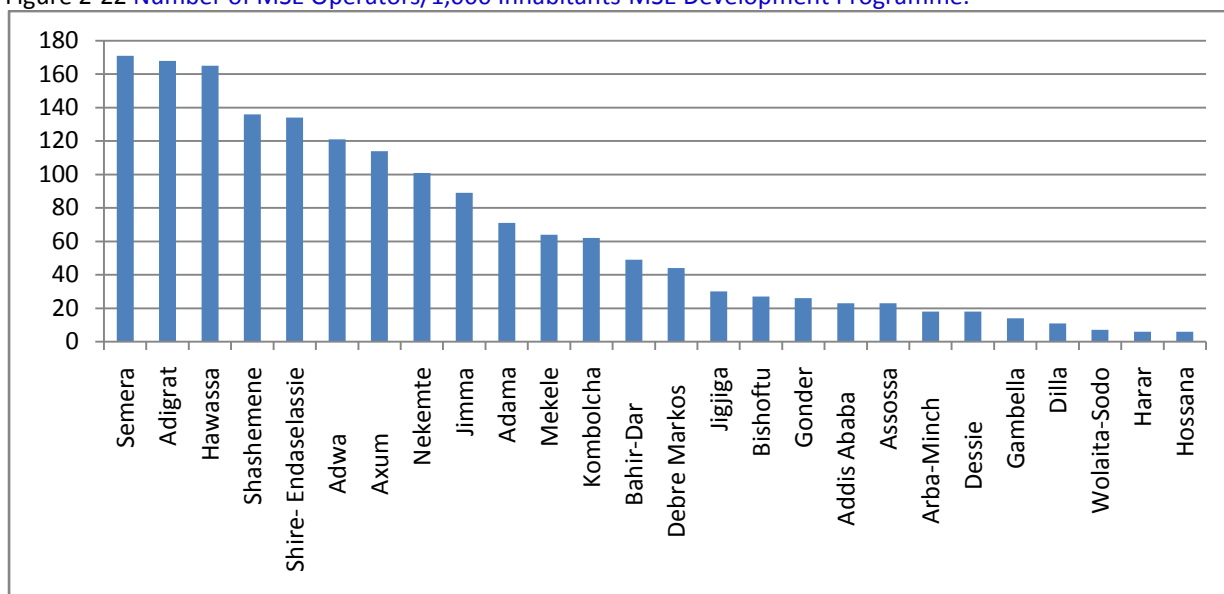
Source: SECR Field Survey, 2014.

AVERAGE NUMBER OF OPERATORS PER MSE

The study also examined the average number of MSE operators per 1,000 inhabitants as a measure of the extent to which the MSE development trajectory had permeated to improve livelihoods and generate employment in the selected urban centres. Among the selected cities, the calculated ratios are ranging from those cities with larger than 100 operators per 1,000 inhabitants (Semera, Adigrat, Shashemane, Endasselassie Adwa and Axum) to those with the lowest figures of less than 20 operators per 1,000 inhabitants (Arba Minch, Dessie, Gambela Dilla, Wollaita Sodo, Harar and Hosanna). Generally, the rate of penetration is higher in those

towns in Tigray Region, where as it is found to be the lowest in the urban centres found in the Southern Region.

Figure 2-22 Number of MSE Operators/1,000 Inhabitants-MSE Development Programme.

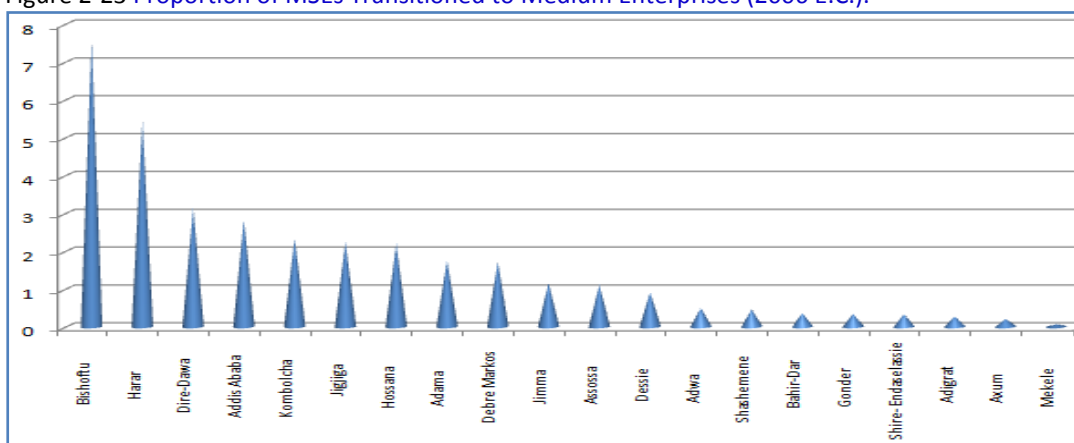


Source: SECR Field Survey, 2014.

TRANSITION OF MSEs TO MEDIUM ENTERPRISES

Government agencies established to provide various kinds of support to MSEs have more information on their establishment rather than their survival and growth, which makes it difficult to calculate the rate of survival of MSEs. However, based on the data provided by city administrations, the proportion of MSEs that transitioned to MSEs was calculated. Figure 2.23 shows the proportion of MSEs that were transitioned to medium enterprise status in the 20 urban centres during 2006 E.C.

Figure 2-23 Proportion of MSEs Transitioned to Medium Enterprises (2006 E.C.).



Source: SECR Field Survey, 2014.

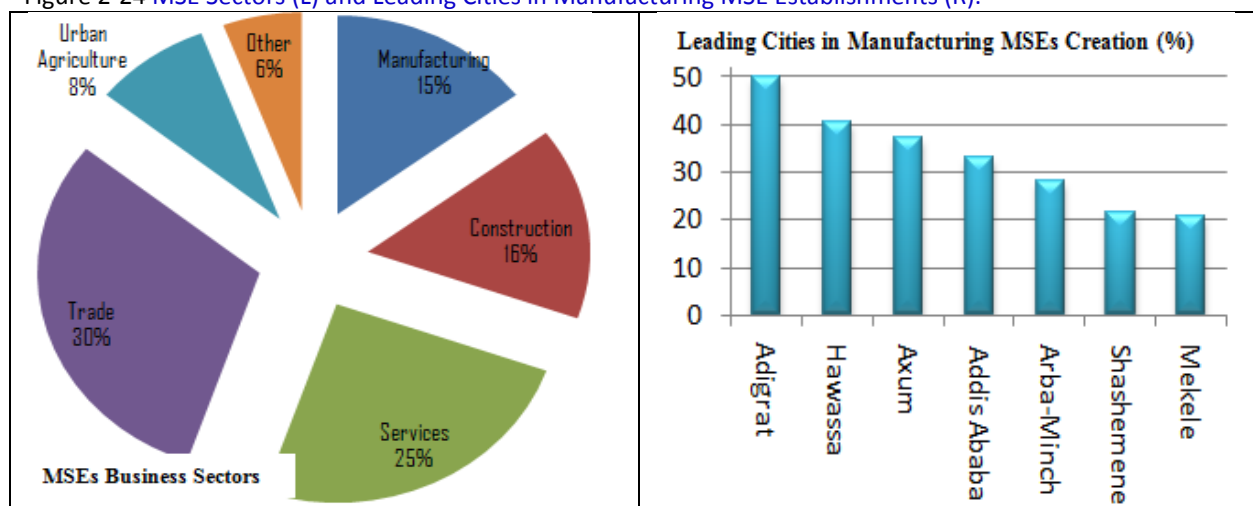
A total of 590 MSEs were transitioned among the total of 72,568 MSEs that were operating in these 20 cities during 2006 E.C. Although the rates at the city level varied from slightly over 5% in Bishoftu and Harar to less 0.5% in eight urban centres, the average rate of transition for the 20 cities was barely 1% (0.81%). Despite the low graduation rate for all the selected cities, the rates of transition in Bishoftu, Harar, Dire Dawa and Addis Ababa were above 2% due to, among others, the opportunity provided by the wider market available in these large towns. During the year under consideration, seven cities, Arba Minch, Dilla, Gambela, Hawassa,

Nekemte, Semera and Wollaita Sodo did not report the number of MSEs that transitioned to medium enterprise status.

Sectoral Distribution of MSEs

Although the cities represent a generally similar composition of MSEs, there are some differences in their sectoral composition based on peculiarities of cities (Figure 2.24). Manufacturing MSEs reflect the largest category in Hawassa and Addis Ababa, which is a desirable condition. Enterprises engaged in construction constitute the second largest in Hawassa and the third largest in Addis Ababa.

Figure 2-24 MSE Sectors (L) and Leading Cities in Manufacturing MSE Establishments (R).



Source: SECR Field Survey, 2014

In Addis Ababa, MSEs engaged in manufacturing-related activities accounted for 33%, while those involved in trade accounted for 28%. Construction enterprises represented 24% of the MSEs in the city.

Box 2-4 Prioritized MSE Sectors

Sectors the government prioritized in promoting MSEs included manufacturing, construction, retail trade, services and urban agriculture. As shown in the list below, the typical lines of businesses under each category are more or less similar across the urban centers, although one cannot rule out certain differences due to city size or agro-ecological contexts.

Manufacturing: food processing, handicrafts, woodwork, metalwork, knitting and sewing.

Construction: small-scale construction, well construction, concrete block-molding; sand extraction; quarrying.

Retail Trade: small-shops/kiosks for selling garments, grain products, fruits, vegetables, spices and gift articles.

Services: door-to-door solid waste collection, traditional coffee ceremony, small restaurants, machinery rental.

Urban Agriculture: cattle fattening, sheep breeding, market gardening, poultry, dairy.

In Hawassa City, manufacturing enterprises accounted for 40% while those engaged in construction represented 22% of the total enterprises in the city. Enterprises engaged in service provision and trade activities are fewer compared to the other cities. In Gondar, enterprises engaged in trade accounted for 54%, while service-providers accounted for 27% of the total enterprises in the city. Gondar had the lowest share of manufacturing and construction enterprises among these three cities.



PLATE 2-1 AMONG THE MAJOR TYPES OF MSES ARE THOSE PRODUCING CONSTRUCTION MATERIALS FOR THE IHDP



PLATE 2-2 INDUSTRIAL ZONE UNDER ESTABLISHMENT IN BOLE LEMI SITE, ADDIS ABABA.

2.4.3 THE PROVISION OF BUSINESS DEVELOPMENT SERVICES (BDS) TO MSEs

The business services markets of developing countries including Ethiopia are not well developed thereby warranting some level of government intervention on both the demand and supply sides. Both financial and non-financial BDS to the MSEs were by and large provided thorough government agencies, FeMSEDA, regional MSE development agencies (ReMSEDA), TVET and micro finance institutions (MFIs). Government was also promoting the establishment of one-stop-services for BDSs. With the exception of credit services provided by MFIs and banks, BDSs are provided free, or, at highly subsidized cost.

BOX 2-5 FEATURES OF BUSINESS SERVICES UNDER ETHIOPIA'S MSE DEVELOPMENT STRATEGY

As outlined in the 2011 MSEs Strategy (later revised in 2013), the 2008 TVET strategy, the Urban Development Strategy and Industry Extension Services and Technology Transfer guidelines, FeMSEDA together with ReMSEDA and TVET institutions are expected to assume leading BDS provider roles. The roles include awareness creation and training, access to technology and common services (technology and facilities), market access (marketing premises, organizing MSEs trade fairs and bazaars, developing MSEs web-sites and directories), sub-contracting, out-sourcing, franchising and out-grower marketing systems, supplying raw materials, building or; financial and credit services support system and strategy) and one-stop-shops (MUDHCO, 2012).

BDS delivered nationwide included 15,745 ha land, 16,753 sheds, and 567 enterprise shell blocks for working and marketing, awareness-creation and skills-training (business management and technical training) to millions of MSEs. ETB25.62 billion local and US\$ 65.3 million foreign market linkages were created while more than 1,242 one-stop-service centers were established. ETB9.87 billion loans were extended (MUDHCO, 2014a).

The entire focus of these BDSs was on the MSEs established by the government that obtain support provided free or at highly subsidized rates by government institutions. The on-going arrangement may impact on their long term survival and growth in the market. The government report shows that 85% of MSEs were still in start-up stages despite their years of existence in the market. The good news is that the government has already noted the “dependency syndrome” that is inherent in the BDS provision, which warrants developing a BDS strategy catering for all MSEs with a weaning-off stage for MSEs to operate independently. This would enable government focus on strategic support not be readily provided by the private sector to MSEs.

Source: (MUDHCO, 2012), and (MUDHCO, 2014a).

However, MSEs are encountering numerous challenges affecting their sustainability and expansion. In this respect, a recent sample survey conducted by MUDHCo on 3,000 MSEs randomly selected from 13 major cities indicated that micro enterprises provided more employment than small enterprises, while the provision of BDS is largely confined to cooperatives (MUDHCo, 2013). There was limited access to services by sole proprietors despite government efforts to provide services to a large number of operators. Thus, there was significant unmet demand for BDS support. The key challenges facing MSEs include shortage of financial capital and limited access to credit, shortage of working and marketing premises and access to land (the most serious constraint), inadequate access to markets, lack of business management and entrepreneurial skills and, inaccessibility of improved technology.

The largest numbers of enterprise start-ups were made with the provision of direct BDS and significant allocation of credit channelled through MFIs. Notwithstanding the achievements in terms of employment generation and keeping high unemployment levels at bay and avoiding their further deterioration, utmost emphasis was given to the formation of enterprises as compared to their survival and growth. As the growth and expansion of MSEs is linked to all

rounded support provided by the government, these enterprises often fail to compete in the market and dissolve when the support is withdrawn. There are many MSEs engaged in the construction sector that had dissolved when the IHDP programme was halted in all urban centres except in Addis Ababa where the implementation of the program has continued in full swing. While this is not different from the dominant narrative on the development of MSEs in many other developing countries, it is instructive of the need for reform. This underlines the need to think about re-orienting the support to be provided to MSEs by government institutions and complementing it by market-based support.

2.5 PRIVATE INVESTMENT GROWTH

The potential role of urban centres as engines of growth and transformation of national, regional and local economies calls for promoting private investment in the various sectors of the economy. In this regard, Ethiopia has been taking several measures to mobilize local capital and attract FDI with their own bearing on urban economic growth. The adoption of free market economic approaches during the post-1991 era heralded the removal of many of the policy and legal constraints to private sector development.

2.5.1 THE NATIONAL CONTEXT

The presence of thirty four government universities, with hundreds of thousands of student intake, enables the country to produce substantial skilled technical and professional human power. The country has made large-scale investments in key infrastructure such as electricity, roads, and telecommunications, including a plan to expand electricity generation capacity of 8,000 mega watt (MW), construction of 2 000km rail network, 136,000km road and increasing telecommunication access to 50 million subscribers. Beyond that, the country has enunciated a long-term development vision to attain middle-income economy status by 2025.

Table 2-4 Projects, Investment Capital, and Jobs Created (2011/12-2013/14)

Category	2011/12	2012/13	2013/14
Total Projects	68	55	163
1. Private	67	55	162
Domestic	10	3	128
Foreign	57	52	34
2. Public	1	*	1
Total Employment	3,825	3,082	10,361
Permanent Employment	2,109	1,861	3,936
Temporary Employment	1,716	1,221	6,425
Total Capital (ETB Million)	648	1,512	5,636
Total Private (ETB Million)	627	1,512	3,136
Domestic (ETB Million)	22	4	628

Source: (NBE, 2014).

There are numerous investment opportunities in the country. High potential sectors for investment include manufacturing, infrastructure, agriculture and agro-industry, mining oil and gas, hotel and tourism. In particular, there is potential for the country to be a regional manufacturing hub for consumer goods, textiles, leather, building materials, agro-processing, value adding manufacturing, and labour intensive light industry.

The GoE envisages the country to become the most preferred destination of FDI in East Africa. To this end, the government has introduced evolving and adaptive reforms in the business operating environment. To provide incentives for development-related investment and remove most of the sectoral restrictions on FDI, the government has made repeated amendments to the investment code and related regulations and guidelines. Further, to expedite processes, reduce

time and cost required to get investment certificates, the Ethiopian Investment Agency (EIA) has introduced various administrative measures, including the establishment of one-stop-shop service for investors.

According to the National Bank of Ethiopia's (NBE) Annual Report (NBE, 2014) there was remarkable increase in the number of investment projects, the amount of investment capital, and jobs created in 2013/14 in comparison to the previous two years (Table 2.4). Yet, despite the existence of immense potential for new investment in various sectors of the economy and huge government infrastructure investments, infrastructure-related barriers, many of which are within the competence of city administrations, remain key issues that need to be addressed (Box 2.6). As also indicated in the chapter dealing with urban infrastructure and services, the coverage and quality of infrastructure and services will affect the operation and productivity of existing urban-based enterprises.

BOX 2-6 INTERNATIONAL RANKING OF THE BUSINESS ENVIRONMENT IN ETHIOPIA

Despite the presence of enabling policy and strategy, the flow of FDI into the country is affected by bottlenecks related to weak institutional capacity. Ethiopia was ranked 132nd in 2013 and 129th in 2014 in the "Ease of Doing Business Survey", indicating the need for further reform and improvement in the business operating environment, (World Bank, 2014c). The current report indicates, in addition to the indicated overall rank, specific rankings in "The Business Environment Doing Business Topics". Ethiopia's rankings in specific topics like, Starting a Business, Trading across Borders, Getting Credit, Protecting Minority Investors, Paying Taxes, and Registering Property remain low (World Bank, 2014c).

As a dimension of competitiveness and productivity, the performance of trade logistics is a major factor affecting the flow of investment, in particular FDI into the country. Results of the recent International Logistics Performance Index (ILPI) indicate that, in 2014 the country's overall ILPI rank was 104th out of 160 economies, while its ranking in the six main indicators was as follows; 1) customs - 102nd, 2) infrastructure - 134th, 3) international shipments - 121st, 4) logistics quality and competence - 96th, 5) tracking and tracing - 97th, and 6) timeliness - 78th (World Bank, 2014d). This reveals the need for more concerted effort in infrastructure development as well as improvement in international shipments and customs procedures if urban areas are to fully benefit from their potential for economic development.

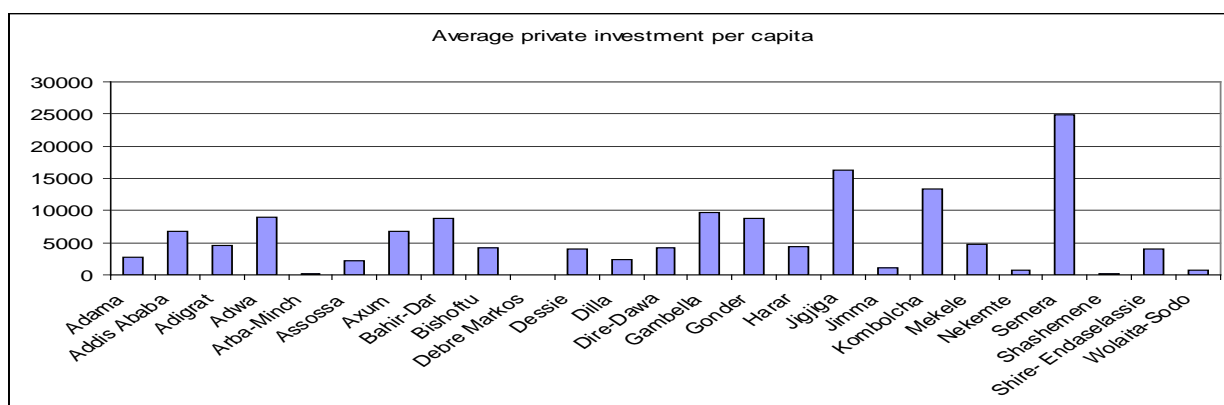
Source: (World Bank, 2014c) and (World Bank, 2014d).

2.5.2 ASSESSMENT ON SELECTED CITIES

According to information obtained from the selected urban centres, about 30,154 projects were granted investment permits during 2007/8-2013/14. However, the figures provided by city administrations might not include projects for which investment licenses are provided by federal and regional investment promotion offices. Based on declarations by potential investors, these projects were expected to create employment opportunities for 1,627,299 workers. The extent to which these data on the potential level of employment creation and volume of capital investment reflect the actual situation could not be verified, however, as there are no systematic project implementation monitoring and evaluation systems in place.

The average annual investment is relatively higher for Adigrat, Shire Endasselassie, Gondar, Jigjiga, Bahir Dar, Dilla and Jimma cities located in resource rich regions with some commercial agriculture. Higher per capita investment was found in Semera, Jigjiga, Kombolcha, Gambela, Gondar, Bahir Dar and Adwa cities, important regional capitals. Although, for all other cities, the level of per capita investment was lower, it was extremely low for Arba Minch, Debre Markos, Shashamane and Wollaita Sodo (Figure 2.25).

FIGURE 2-25 AVERAGE PRIVATE INVESTMENT PER CAPITA 2007/08 - 2013/14 (BIRR)



Source: SECR Field Survey, 2014.

The average capital per project was higher for Kombolcha, Gambela, Gondar, Semera, Bishoftu, Bahir Dar and Axum. All other cities had lower average capital per project while Debre Markos, Shashamane and Nekemte in particular, had extremely low amounts. Regarding average capital per employee, Gambela, Kombolcha, Asossa, Adwa, Gondar and Harar exhibited higher values, while Bishoftu, Shashamane, Debre Markos, and Dilla cities had very low average capital per employee.

The major constraints frequently mentioned as affecting the rate of implementation of private investment projects include access to land and infrastructure as well as shortage of finance and skilled labour. Although they have limited leverage in affecting the situation of mobile factors of production such as capital and labour, city administrations are better placed to handle issues related to the provision of land and infrastructure and services. In this regard, cities should re-orient local urban planning processes so that they can exploit them towards promoting private investment via proactive and coordinated delivery of land, infrastructure and services. The current attention given by the Federal Government to the establishment of industrial zones in selected cities (Box 2.7), should therefore be seen as a measure in the right direction.

BOX 2-7 MEASURES TAKEN TO ESTABLISH INDUSTRIAL ZONES IN SELECTED CITIES

To promote the development of medium and large-scale industries, the government recently adopted a strategy to establish industrial development zones along with favorable investment, tax, and infrastructure incentives. This is based on the experience of the Chinese-owned "Eastern Industry Zone", located at Dukem. The Federal Government has approved a proclamation providing for the establishment of industrial development zones, which is in line with the attention given to industrialization. In addition, to oversee construction and regulation of such zones, the Ethiopian Industrial Zones Corporation was established under the Federal Ministry of Industry.

The first phase of the program involves developing industrial zones in Addis Ababa (Bole-Lemi and Akaki-Kilinto sites), Kombolcha, Dire Dawa and Hawassa. In these sites, factory shells and other infrastructure and service facilities for joint use will be constructed. In Bole-Lemi, the construction of an industrial zone is currently underway on 157 ha of land expected to house 50 factories. The city administrations of Dire Dawa, Hawassa and Kombolcha have designated sites for the establishment of such industrial zones being spearheaded by the Federal Government. At local level, a number of major cities in the country have also recently designated industrial zones with access to services and infrastructure. These interventions will contribute to the increased flow of investment and enhance productivity of the cities provided they are developed based on opportunity studies for industrial development.

Source: ("China Agrees", 2014).

2.6 PERFORMANCE OF FINANCIAL INSTITUTIONS

The expansion of the economy and its increased monetization as well as the liberalization of the financial sector that has allowed the operation of private domestic banks have contributed to the expansion of the banking sector in Ethiopia. Given the critical role banks play in supporting urban productivity as well as inclusive and equitable urban socio-economic development, this sub-section provides a general insight into the performance of major financial institutions in the country that also includes micro-finance institutions and insurance companies based on information obtained from the National Bank of Ethiopia (NBE, 2014). The aggregate capital of financial institutions was ETB34 billion in 2013/14, of which banks accounted for 77.6% while micro-finance institutions and insurance companies represented 16.5 and 5.9%, respectively.

Banks

Currently, there are 19 parent banks in the country, of which three operate under public ownership while 16 are privately owned. The banks operate at national level and provide financial services through 2,208 branches, of which 1,455 or 65.9% are located in the regions while 753 or 34.1% are located in Addis Ababa alone. The ratio of bank branch to population has improved from 1:49,826 in 2012/13 to 1:39,402 in 2013/14. This is attributable to prolific expansion of branch networks by both private and public banks, a factor that bodes well for greater access to financial services by citizens especially with regard to promoting the saving culture.

Investment finance in Ethiopia is largely mobilized by banks, notwithstanding the roles existing MFIs play in building the saving culture in both rural and urban areas. Banks provide loans against stringent collateral arrangements, and the foreclosure law (FDRE, 1998) provides banks the power to dispose of assets used as collateral in case of default. Many businesses seem to be established without rigorous feasibility study; several newly established business go bankrupt forcing banks to invoke their foreclosure rights as per this proclamation. These suggests that, apart from strengthening business development services by city administrations and/or local chambers of commerce and sectoral associations, banks should strengthen their capacity to provide business advisory related support to potential investors.

Micro-Finance Institutions

In addition, 31 micro-finance institutions were operating in the country by the end of 2013/14. The total capital and assets of these MFIs was ETB5.6 billion and ETB24.5 billion, respectively. Further, the amount of credit extended and deposit mobilized by these MFIs by the end of 2013/14 was, ETB16.8 billion and ETB11.8 billion, respectively. Four of the largest MFIs, i.e., Amhara, Dedebit, Oromia, and Omo credit and savings institutions, taken together, accounted for 74.9% of the total capital, 84% of the total savings, 80.6% of the total credit, and 81.6% of the total assets. These MFIs get financial support from regional / city governments, while the smallest ones those supported by NGOs.

Insurance Companies

Regarding the insurance business, there are 17 insurance companies, of which the Ethiopian Insurance Corporation operates under public ownership while 16 are privately owned. These companies provide various insurance services through 332 branch networks in the whole country, of which 150 or 45.2% are located in the regions while 182 or 54.8% are located in Addis Ababa alone.

Capital Goods Leasing Market

Findings of a recent World Bank study (World Bank, 2015c), analysing job creation in firms and the financing constraints of micro, small and medium enterprises (MSME) as one of the key obstacles to job creation and growth in Ethiopia identified several issues. On the demand-side, there is higher job creation and employment growth in large, established service and manufacturing firms and existence of a "missing middle phenomenon" in terms of financial services catering for small firms. MSME are more likely to be rejected for loans and less likely to have a loan, line of credit, or overdraft facility. In addition, despite their need for improved access to finance, SME are discouraged from applying for loans due to excessively high collateral requirements.

On the supply-side, there is a lack of SME financing culture and strategies, identifiable SME specific factors and macroeconomic factors as risks and obstacles to SME finance, and absence of business models of financial institutions (in terms of structure and loan appraisal technique) serving SME. Based on these findings, the study made two main recommendations: first, adoption of a set of interventions to help commercial banks to downscale their business to embrace MSEs and enable MFI to upscale their business operations, and second; adoption of a set of interventions to create a more enabling environment for facilitating SME finance.

The problem of finance is also recognized by the Federal Government, which has identified access to finance as well as manufacturing equipment and spare-parts as key areas of intervention in accordance with its strategic focus on promoting the development of the manufacturing sector (Box 2.8). This is also consistent with what is stated in an operational manual prepared by FeMSEDA to facilitate the implementation of the capital lease market initiative by the Government (FeMSEDA, 2013). According to this manual the major constraints for their transition include lack of equipment and machinery, shortage of finance for business expansion, inadequate production and marketing premises and shortage of business skills.

BOX 2-8 CURRENT INITIATIVES TO PROMOTE CAPITAL GOODS LEASING MARKET

According to a recent government initiative to promote the capital goods leasing market, The constraints MSEs face to get sufficient working capital and long term loans are suggested to be addressed by the two government-owned banks - Commercial Bank of Ethiopia and Development Bank of Ethiopia, while certain measures are taken to improve the legal framework with a view to improving access to capital goods. In July 2013 a major legislative action was taken to amend the Capital Goods Leasing Business Proclamation No. 103/1998 via a new Proclamation No. 807/2013. A major departure from the earlier proclamation was easing the access of SMEs to 'capital goods finance', including financial lease and hire-purchase.

After almost two years of preparation, capital leasing companies are recently established in all regional states as well as Addis Ababa and Dire Dawa city administrations. In addition, MFIs which have been at the forefront of financing MSEs, can now engage in capital goods finance business without the need to obtain additional license from the National Bank of Ethiopia. More importantly city administrations are expected to take leadership in the new scheme that envisages improving access to capital goods by MSEs. The capital goods finance support scheme, which is developed based on the implementation guideline prepared by FeMSEDA, targets both start-up and existing enterprises. The full implementation of the new capital leasing scheme entails a multi institutional collaboration and huge public investment.

Sources: (FDRE, 2013) and FeMSEDA (2013).

2.7 THE POTENTIAL ROLE OF ICT TO ENHANCE URBAN PRODUCTIVITY

Notwithstanding its recent introduction to Ethiopia, there is some visible business application of ICT in the major urban centres. The application of ICT is reckoned to be relatively widespread in both government and private banks, which are expanding ATM and online banking as a response to intense competition in the banking sector. Moreover, in most of the larger towns including those covered in the present report, internet cafes are one of emerging lines of businesses, although their current use is in the main confined to the provision of access to e-mail, internet and social networking services. The mandatory use of cash registration machines after the introduction of value added tax (VAT) is an ICT application that is widespread among urban-based business enterprises. This has led to the practice of hiring workers with ICT skills by private businesses. Larger business enterprises that invariably keep book of accounts use ICT to obtain business related information as well as to prepare and report income, expenditure and profit statements. Yet, as illustrated in Box 2.9, there a lot of scope to improve the utilization of ICT and its business applications in a manner that will contribute to the productivity of Ethiopian cities.

BOX 2-9 ICT-PRODUCTIVITY LINKAGES

The linkage between productivity and ICT is well established. The impact of ICT is now even comparable to what the steam engine and electricity had on industrial revolution (www.conferenceboard.org). The World Economic Forum's annual publication on Network Readiness Index (NRI) provides insight on such linkages. NRI is a comprehensive measurement combining three clusters of indicators, namely; ICT readiness (12 variables under infrastructure, skills and affordability), ICT usage (16 variables under usage by individuals, businesses and government) and ICT impact (under economy and social dimensions), where ICT readiness and ICT usage are considered as drivers towards impact on development. In 2014, Ethiopia is ranked 130th out of 148 countries in its NRI (World Economic Forum and INSEAD, 2014), which suggests the need to re-double efforts of utilizing ICT towards realizing the potential role of cities as engines of growth in achieving a middle income country status by 2025.

Regarding affordability, Ethiopia is found in a contrasting situation of relatively good level of mobile telephone affordability index where its mobile cellular tariff ranking in 2014 was 28th from 148 countries. On the other hand, the country's internet affordability index which is ranked 114 out of 148 countries puts it among the most Internet expensive ones. Moreover, in terms of individual mobile phone usage, despite a 210% increase between 2001 and 2014, the country's position in 2014 was 147th out of 148 countries with 22.5/100 persons. Regarding the use of internet only 1.5% of the population uses internet, while the proportion of households having personal computers was 2.1% putting Ethiopia's rank at 143rd from 148 countries. The level of business application of ICT in Ethiopia was also among the lowest in the world. Ethiopia's rankings on relevant variables out of 148 countries were as follows: on enterprise level technology absorption (131st), capacity for innovation (141st), business to business internet use (141st) and business to consumer internet use (146th).

Around the world, the *"ICT industry will continue to develop rapidly, leading to a new round of innovations in finance, transportation, energy, education, healthcare and other industries"* (ZTE, 2014). In Kenya, for example, the use of mobile phones to transfer money has had a transformational role whereby it has contributed to significant reductions in transaction costs of MSEs. According to the same report, payments made through mobile phones are equivalent to 20% of Kenya's GDP. Notwithstanding ongoing efforts to embrace ICT, Ethiopian cities should make concerted efforts towards harnessing the potentials of ICT to promote local businesses and bring about sustainable local economic growth and development.

Sources: (World Economic Forum and INSEAD, 2014), (United Nations Economic and Social Affairs, 2014), (ZTE Corporation, 2014), (World Bank, 2012) and www.conferenceboard.org.

2.8 CONCLUSIONS AND KEY MESSAGES

The following key messages suggest guidance to city administrations and other actors concerning possible measures to enhance productivity and city competitiveness. The measures also focus on income and employment generation by harnessing the opportunities provided by urbanization, unique comparative advantages and the associated agglomeration benefits thereby improving the social wellbeing of citizens.

Ethiopian cities should be acknowledged as engines of the country's growth and transformation: Enhancing the productivity of cities should be at the centre of the country's economic policy as they will be the drivers of Ethiopia's economic growth and transformation. The fact that the estimated per-capita incomes were three times larger than that of rural areas is conclusive evidence for the correlation that exists between level of urbanization and economic growth as well as how the resulting agglomeration of population and economic activities impacts on economic growth and diversification that invariably entails innovation.

Ethiopian cities should adopt planning approaches that go beyond existing administrative boundaries of urban centres to support urban productivity: Urban planning can enhance productivity, by directing the placement of urban infrastructure according to their status and role in the national and regional urban systems. There is a need to change existing approaches to the planning of cities on a case-by-case basis towards a regionalized approach to urban planning and lessons can be drawn from the on-going city re-planning efforts in Addis Ababa. The expanded development of industrial zones with key support from the Federal Government in Addis Ababa, Dire Dawa, Hawassa and Kombolcha is a move that is likely to have a positive impact on city productivity as it will enhance the competitiveness of cities to attract FDI.

Ethiopian cities must be supported to develop capacity to gauge their productivity levels: without measuring their contributions to the national economy, Ethiopian cities will not be able to tell whether they are growing and setting meaningful development targets, policies and strategies for their sustainable development. Given the lofty goals of structural transformation in the national economy, which has far reaching implications for urban productivity, it will be imperative to monitor the performance of each sector towards the desired goal of structural transformation. This underlines the need to gradually institute a system of local GDP accounting, which will also help cities create a performance measurement system for monitoring the impact of LED strategies. Moreover, apart from measuring the expansion and contraction of the local economy and its distinct sectors, instituting a local GDP accounting system can also provide critical information relevant to make appropriate decisions on taxation of local businesses and the labour market, specially the mix of educational and training programs required by the urban economy.

Cities should create enabling environment for the expansion of private businesses to tackle the huge unemployment problem: Urban unemployment continues to be the number one challenge of Ethiopian cities as evidenced by very low economic activity rates and employment to population ratios, and warrants stepping up efforts towards employment generation through individuals' initiative as well as the private sector. The critical areas that require special attention include the high level of youth and female unemployment as well as the emerging graduate unemployment. Cities need to make concerted effort to attract and retain more private investment, through making the business-operating environment friendlier. Improving the performance of private investment calls for greater promotion of investment opportunities, close follow-up of the local investment dynamics; and dealing effectively with challenges faced at the local level. Cities should also make efforts to remove some of the key

constraints for private investment, particularly the provision of developed land and infrastructure, which is one of the major constraints for productivity.

Strengthening industry-university/TVET education would help Ethiopian cities harness the opportunities from the demographic dividend and rapid urbanization: Population growth, which is expected to result in the concentration of population in urban areas and availability of a young labour force offer a potential for enhanced urban productivity. On the other hand, investments in education, including in TVET and higher education, are expected to pay off in terms of enhanced level of employment provided quality is built within the education system. In this connection, institutional mechanisms that allow collecting labour market information at the local level have to be supported, as this will go a long way in assisting evidence-based policy formulation so that the supply of labour is matching the industry-specific demands and the absorption of the educated labour force can be improved. Strengthening Industry-University/TVET linkages and labour market research by universities would help a lot in this regard, notwithstanding measures to be taken at the macro level.

Cities should provide incentives to the informal sector enterprises to transform themselves into formal enterprises: Informal employment is observed to be declining, at a faster pace than many African countries, which may need further exploration. With the decline in informality, the benefits must also accrue to formality such as compliance with business license regulations, adherence to labour laws, better regulation of service quality and expansion of tax base and municipal revenues. Cities should therefore provide incentives that would encourage informal operators to formalize their operations.

Promoting market-oriented MSE development strategies would contribute to the sustainability of MSE development efforts: The government should focus on more targeted support such as strengthening TVET as well as establishing incubation centres, industrial estates, technology parks, etc. A strategic option is to support the development of business services market whereby the private sector (including MSEs themselves) will be engaged in the provision of the services required by MSEs. Such an arrangement is also expected to enhance opportunities for horizontal learning and innovation that would ensure the sustainability of MSEs and their transition to medium and large enterprises. The government should play a bigger role in promoting industry- university/TVET linkages as well as R&D that should inform its policies towards removing impending barriers to the growth of MSEs.

MSE development strategies should be developed and executed as integral to a broader LED strategy: MSEs established under the government supported MSE development program have created job opportunities for scores of mostly female and young unemployed persons thereby assisting in urban poverty alleviation and enhancing the inclusiveness of cities. Yet, MSEs need to expand and develop beyond serving as safety net mechanisms and contribute to sustainable economic growth. This entails providing targeted support to MSEs in growth-oriented sectors to foster their forward and backward economic linkages. The support to be provided at the city level towards the establishment, sustained operation and transition to medium and large scale enterprises of MSEs should be customized to the local context.

Cities should be seen as important units of economic decision-making if private investment is to be promoted: Raising urban productivity requires proactive measures by city administrations. They need to develop institutional capacity, including dedicated work units, staff, and systems to promote and coordinate LED efforts with local stakeholders, and forge partnerships with business and industry in their localities. City administrations need to have fiscal powers to generate adequate resources so that they would be able to make investments on key economic infrastructure and services that would leverage the productive potentials of their

respective areas. They should enhance their collaboration with higher levels of government, as it is imperative to create enabling environment for achieving higher urban productivity.

Banks and MFIs should exert concerted efforts towards promoting the saving culture among the general public to mobilize finance for potential investment: Mobilization of domestic savings need to be further promoted, among others, by expanding the network of banks and MFIs, which should introduce attractive incentive packages that motivate citizens to diligently save. Banks and MFIs should employ ICT and mobile-telephone based services to facilitate access to financial services as well as reduce transaction costs.

City administrations should promote the expansion of MFIs that provide better opportunities for access to financial services by MSE operators: Given the fact that MFIs are acknowledged the world over as generators of livelihoods and income, governments at all levels including city administrations should redouble their efforts to leverage their establishment and sustainable operation as this will contribute towards more inclusive economic growth and the development of more equitable cities.

3 INFRASTRUCTURE, SERVICES AND THE ENVIRONMENT

3.0 OVERVIEW

This chapter reflects on the state of urban infrastructure, services and the urban environment in the 27 cities covered by the report, in recognition of their contributions toward socio-economic development as well as environmental sustainability. The chapter is organized under four sections- physical infrastructure, basic services, waste management and social infrastructure. The first section focuses on the assessment of physical infrastructure, paying special attention to intra-urban roads and mobility. Basic services, namely water and sanitation, energy and Information and Communication Technology (ICT) are discussed in the second section. The third section focuses on urban environment paying special attention to solid and liquid waste management, while the provision of social services like education and health is the focus of the fourth section. The chapter ends with some conclusions and key messages.

3.1 PHYSICAL INFRASTRUCTURE

Physical infrastructure is one of the factors giving shape and structure to urban areas and it remains one of the most distinguishing characteristics that define urban areas as distinct from the rural. The focus of this section is intra-urban road network, which is discussed from the vantage point of urban mobility as the demand for road infrastructure emanates from the desired efficiency to move people and goods within the urban space. Apart from the socio-economic significance of the direct employment created through developing and managing roads as well as providing transport services, mobility is also important in leveraging the productivity of cities by attracting investment and promoting economic linkages along the production and marketing chain. Public space, the other type of physical infrastructure that defines the structure and form of urban areas, is discussed under the chapter dealing with urban planning and land management.

3.1.1 ROAD INFRASTRUCTURE

Roads promote transport connectivity by facilitating the mobility of goods and people. The availability of good road networks, which comes hand-in-hand with good urban planning, has a strong impact on local economies through its effects on productivity and the capacity of cities to attract investment. Road infrastructure refers to a number of elements including length, width and connectivity of roads as well as the quality of construction and presence of regular maintenance that allows their continuous use.

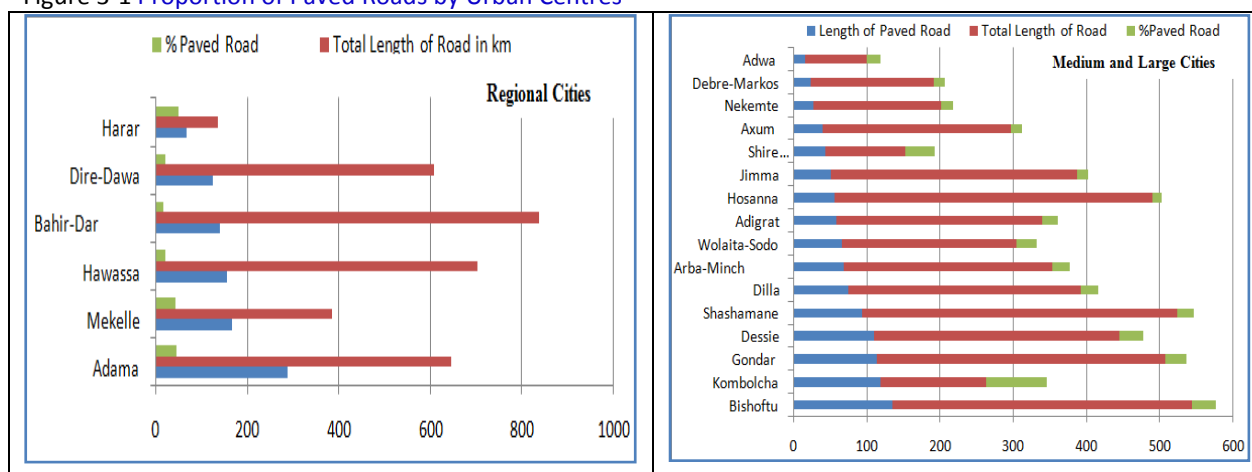
The intention of this section was, among others, assessing the availability of road infrastructure focussing on proportion of the total built-up areas under roads as well as road density as measured in terms of length of roads per unit area and the proportion of paved roads. Yet, cities do not have reliable data on the proportion of built-up areas under roads (Appendix 3.2), while the city-level information on the road network component to be obtained from land use proposals of current city-wide plans is more normative than allowing to make assessments the actual situation on the ground.

City plans incorporate road network plans, but limited capacity on the part of most cities to protect the right-of-way of roads to accommodate carriageways, pedestrian walkways and other public utilities is impacting negatively on the adequacy of existing roads to facilitate mobility. The absence of adequate capacity to enforce road network plans is another constraint for expanding intra-urban roads, as this could have ensured the implementation of set standards to be followed in the design and construction of roads and other roadside infrastructure.

The proportion of roads from the total built up areas in Addis Ababa was 11.3% with a plan to increase it to 20% by 2020 (MOT, 2011). According to the structure plan manual (MUDHCo, 2012b), the share of roads out of the total built-up area of urban centres is expected to be within the 15-25% range.

The average percentage coverage of paved roads for all the urban centres of the study taken together is low at 47%. The remaining considerable proportion (53%) is dry-weather roads that compromise smooth intra-urban road transportation during the rainy season (Figure 3.1 and [Appendix 3.1](#)).

Figure 3-1 Proportion of Paved Roads by Urban Centres



Source: SECR Field Survey, 2014

The proportion of paved roads in the urban centres (47%) is slightly lower when compared to the average for lower middle income countries which stands at 49% (World Bank, 2012). Comparisons among the 27 urban centres revealed significant variations from the lowest in Jigjiga (7%) to the highest in Addis Ababa (90%). The major reasons for the low coverage of all-weather roads in fast growing cities like Jigjiga include very fast horizontal expansion, limited financial capacity and shortage of adequately skilled manpower to prepare project proposals and well-thought financing strategies for road construction. Regional governments can provide direct technical support to city administrations in the opening up and maintaining of roads, while cities can mobilize local resources in the form of finance, labour and material contributions, by partnering with residents, CBOs and other actors.

Over the past few years, efforts have been made by the Federal Government, regional governments as well as city administrations under ULGDP to invest in the construction of asphalt roads through private contractors as well as cobblestone roads that are linked to programmes implemented to create employment through MSEs, which are expected to contribute to improvements in the proportion of built-up areas under roads. It is worth noting at this juncture that the implementation of cobblestone road projects have contributed to improvements in neighbourhood-level accessibility and commercial developments along these streets due to increases in land and property values that was achieved (Plate 3.1). Despite the various efforts made by cities aimed at increasing the coverage of their road networks, weak

coordination among utility providers often leads to: (a) frequent demolition of roads and damage to water, electricity and telecommunications lines impairing intra-urban movement and causing service interruptions (Plate 3.2). This also underlines the need to take appropriate measures towards better infrastructure related coordination (Box 3.1).

BOX 3-1 NEED TO STREAMLINE URBAN INFRASTRUCTURE DELIVERY RELATED COORDINATION

The lack of city-level coordination in the extension of new and maintenance of existing urban infrastructure is common place in Ethiopian urban centers. This is manifested in the rather haphazard maintenance of roads, water and telecommunication infrastructure, which often leads to frequent infrastructure demolitions and interruptions of utility services and impaired intra urban mobility. The reactive nature of infrastructure delivery, e.g., road and water networks, is another challenge as shown by delays in implementation of construction projects. Similarly, delays in extending water and electricity services to newly constructed office buildings, manufacturing plants and residences often result in the postponement of their planned use. Frequent power blackouts result in interruptions in water supply that in turn affect households, government institutions and businesses. Erratic electric power supply forces commercial enterprises to install diesel-powered electric generators, but this cannot be a permanent solution particularly for manufacturing enterprises with big energy requirements.

This state of affairs, invariably, will have detrimental effects on the satisfaction of residents and the capacity of cities to attract new investment. Most cities operate water supply systems, although the design, financing and construction of new water supply projects are under the purview of federal and regional governments. Most systems are designed, in the main, considering household demand. In the face of severe water shortage that does not allow new connections, it is common to see industrial establishments operating their own water wells. Cities get electricity and ICT services from national parastatals with decentralized city-level branches, the mandates of which are confined to bill collection and routine maintenance. Local branches have limited roles in strategic planning of infrastructure maintenance or expansion, as these are confined to the headquarters or regional branches. In the face of significant decentralization that has occurred in the delivery of several other city-level services, the operation of these offices presents a significant urban management-related challenge. As observed during the collection of city level data for this study, city administrations have little capacity to coordinate the activities of city-level branch offices of utility parastatals.

The National Urban Development Policy emphasizes delivery of developed land and prioritizes the provision of water, followed by roads, electricity and ICT infrastructure. Handling the design and construction of roads in a proactive manner plays a pivotal role in organizing the extension of utility services such as water lines, telephone cables and electricity transmission lines that is often carried out following road networks. The use of roads as a backbone for the coordinated and integrated provision of utility services (the underground installation of water, electricity and sewerage lines) is piloted in some of the condominium housing projects recently implemented in Addis Ababa. This suggests the need to properly document the experiences in terms of coordinated provision of urban infrastructure so that they can be replicated within Addis Ababa and beyond.

Thus, cities should keep up-to-date data on the location and condition of already installed or planned utility lines (this would might entail GIS-supported infrastructure inventory) since their maintenance must be planned as integral part of a city's strategic plan and budgets. Such a holistic approach is getting the attention of the Federal Government in the context of the GTP in general, and the establishment of industrial zones in major cities such as Addis Ababa, Dire Dawa, Kombolcha and Hawassa. MUDHCo has recently announced an integrated infrastructure delivery strategy that emphasizes coordinated urban infrastructure delivery, among other things. An issue extensively discussed in this strategy is the absence of an institutional arrangement that effectively guides and coordinates infrastructure-related activities. A major proposal outlined therein is to establish infrastructure coordination councils from the federal to the city levels, which are expected to make regular follow-up on infrastructure-related plans and performance of the various infrastructure providers. To this end, the Federal Government has already promulgated Proclamation No. 857/2014 (Federal Integrated Infrastructure Development Coordinating Agency Establishment Proclamation).

Source: (MUDHCo, 2013) and (FDRE, 2014).



PLATE 3-1 COMMERCIAL ACTIVITIES DEVELOP FOLLOWING THE CONSTRUCTION OF COBBLESTONE ROADS, MEKELE.



PLATE 3-2 PEDESTRIAN ROAD BLOCKED BY EXCAVATION FOR MAINTENANCE OF UTILITY LINES IN ADDIS ABABA

3.1.2 URBAN MOBILITY

The capacity and efficiency of the transport system in the study towns warrants well-thought interventions, although the current challenges associated with mobility are reckoned to be more pronounced in Addis Ababa than other Ethiopian cities as evidenced by: (a) poor access to work place, education, health and other services due to lack of public transport service; (b) ever increasing transport fair especially for low income groups; (c) lack of smooth traffic flow; (d) lack of infrastructure for non-motorized transport including walking and bicycles; (e) high rate of traffic accidents; and (f) increasing air and noise pollution (MoT, 2011).

Non-Motorized Transport

The non-motorized transport modes considered in this study are walking, which is the main mode of transport for the majority of the population in urban centres of Ethiopia, and cycling. According to a document published by the Addis Ababa City Planning Office and Lyon Town Planning Agency (2012), walking accounted for 45% of the trips made by residents in 2006, while its share is expected to be even higher than this figure in the other urban areas. It is therefore encouraging to observe that, in Addis Ababa, Dire Dawa, regional capitals and other major towns under ULGDP-1, city administrations have embarked on the construction of pedestrian roads. Despite these recent changes, most of the roads in the urban centres of the country remain unfriendly to pedestrian traffic thereby compromising their safety (Box 3.2), which suggests the need to take appropriate measures to ensure comfort and convenience for pedestrians.

BOX 3-2 THE ROAD TRAFFIC ACCIDENT SITUATION IN ETHIOPIAN URBAN AREAS

According to the 2013 Global Status Report on Road Safety (WHO, 2013), road traffic fatalities in Ethiopia in 2010 was 2581 people, involving 76% male and 24% female. The 2009 edition of the same WHO report shows that, the crash fatality rate in Ethiopia was at least 114 deaths per 10,000 vehicles per year, compared with an average of 60 deaths per 10,000 vehicles across 39 Sub-Saharan African countries. Most of these accidents occur in urban areas and specifically in the bigger urban centers such as those covered in the present study, which are characterized by high level of mobility. About half of the road accidents occur in Addis Ababa (Addis Ababa City Transport Authority, 2015). This high level traffic accidents and fatalities are caused by a number of factors including a high rate of motorization (the number of transport vehicles is currently estimated to be growing at 10% per annum), poor condition of vehicles (over 52% of the current fleet is estimated to be over 15 years old and above), poorly designed, constructed and maintained roads, poor traffic behavior of both drivers and pedestrians and the generally sub-optimal traffic management system.

Source: (WHO, 2009), (WHO 2013) and (Addis Ababa City Transport Authority, 2015).

The extent of bicycle use in Ethiopia is constrained by the absence of bicycle-friendly roads. Cycling is more common in Adama, Bahir Dar and Hawassa, which have flat topography as well as relatively good roads suitable for cycling. With the exception of cities such as Bahir Dar that issue plate numbers for bicycles, most city authorities do not have well organized information on the number of bicycles being used. In general, cities do not prioritize cycling as an environmentally-friendly mode of transport and do not have dedicated cycle lanes as well as designated bicycle parking spaces save those arranged by the textile factory in Bahir Dar and the hotels in Hawassa. Moreover, the commencement of public transport service by motorised tricycles in recent years may have discouraged the use of bicycles in most of the SECR cities.

Public Transport

The availability of efficient, reliable and safe public transport service is one of the most important and desirable features of urban life. Depending on the population and economic size of cities, public transport service in the study towns is provided through a combination of city-owned public buses and privately-owned midi-buses, mini-buses and tri-wheeler motorised vehicles (commonly known as “Bajaj”). Privately owned mini-buses and tri-wheelers constitute the major means of public transport service provided in all of the urban centres included in the study ([Appendix 3.3](#)). In some cities like Dire Dawa, the three wheelers have become more common because of their flexibility and low fuel consumption (Plate 3.3). The number of public buses and mini-buses available per 10,000 population in all of the urban centres taken together including Addis Ababa is, on the average, 1.1 and 30.9, respectively. Addis Ababa, not surprisingly, has got the highest ratio of 2.2 buses per thousand population, while the ratios in the remaining cities are below 0.5.

Mini-Buses

Mini-buses are the major means of public transport in the relatively bigger urban centres including Addis Ababa. Both mini-bus routes and fares are regulated by city or regional transport departments, but actual prices are still unaffordable for the majority of the urban residents due to low monthly incomes and the increasing cost of living exacerbated by inflation. Moreover, severe shortage of mini-buses occurs specially during peak hours. In an effort to relieve the shortage of mini-buses during peak hours, mini- and midi-buses providing inter-city services between Addis Ababa and the nearby urban centres in Oromia region are allowed to provide taxi services within Addis Ababa. The service provided has its own inconveniences that include overcrowding, poor hygiene, the need to change several buses for a single journey (that further increases the cost of transport), harassment by drivers and/or conductors as well as pick-pocketing and molestation. The roadworthiness and safety of mini-buses is also an issue as most of them are imported second-hand and poorly maintained.

BOX 3-3 SPECIAL TRANSPORT SERVICE FOR PUBLIC SERVICE EMPLOYEES IN ADDIS ABABA

As a result of the worsening public transport situation in Addis Ababa, the majority of the residents arrive at their work places late, which negatively impacts on productivity, employer institutions and the city at large. A recent development in this connection is the commencement, since September 2014, of a special bus service by the Public Service Employees Transport Service (PSETS) established as an autonomous organization by the Ministry of Transport as per Council of Ministers Regulation No. 298/2013. This transport service, also known as the Blue Bus service because of the color of the buses, is arranged for civil servants by the Federal Ministry of Civil Service and the Addis Ababa Civil Service Bureau. Earlier, the Oromia Regional Government commenced a similar service for its civil servants as well.

PSTSE started the service with 400 new buses. The merger of the long-standing government-owned Walia Inter-City Bus Service Enterprise with the PSETS has presented an opportunity to operate more buses, while discussion is on-going to incorporate buses being operated by various government institutions that are currently providing free transport services to their employees. The service is provided along 26 routes that serve most parts of the city.

The commencement of this special transport service is relieving shortages of public transport during peak hours. The service is fully subsidized, which many see as inflation-proof support that is more meaningful than salary increases that would be eroded by inflation. Service is only available Monday to Friday and is not readily accessible to workers with special working hours or those that live far from the established routes. Moreover, given the shortage of roadside transport infrastructure, the increasing vehicle fleet is exacerbating traffic congestion along major transport corridors and near roundabouts. This innovative measure can only serve as a short-term measure; a long lasting solution to the public transportation problem is something that can come via a holistic approach that would address the inherent demand for mass transport systems in the metropolis.

Source: (FDRE, 2013) and (*New Enterprise Swallows, 2014*)



PLATE 3-3 THREE WHEELED TAXIS WAITING FOR PASSENGERS AT THE ROADSIDE IN DIRE DAWA



PLATE 3-4 TEST RUNNING OF THE ADDIS ABABA LIGHT RAIL SYSTEM, 2015

City Buses

The availability of public buses operated by city administrations is limited to Addis Ababa and a few major towns such as Adama and Hawassa. The Addis Ababa City Transport Enterprise–*Anbessa* - has been providing subsidised public bus transportation. The enterprise operates a fleet of 700 buses and has, in recent years, augmented its fleet by 350 conventional buses and 200 articulated buses. In an effort to alleviate the shortage of public transport services, the City Administration has recently licensed a private public bus company - Alliance Transport Services Share Company, to start service with 25 buses since June 2013. The company operates along routes it identified as commercially viable and charges commercial fares approved by the city administration. Another recent effort towards improving the public transport services is the introduction of transport service (Box 3.3) for civil servants.

BOX 3-4 THE ADDIS ABABA LIGHT RAIL TRANSIT PROJECT

The rapid population growth in Addis Ababa during the last two decades, coupled with its sprawled development and the large incidence of poverty, has resulted in severe shortage of public transport services as partially demonstrated by severe traffic congestion especially during peak hours. Evidently, the demand for transport has increased faster than the capacity of the city to provide public transport services.

The existing public transport system in Addis Ababa comprises services being provided by mini-buses (12,000) complemented by city buses (700) operated by the Anbessa City Bus Enterprise owned by the AACAA. The public transport system is perhaps the weakest link in the otherwise fast expanding economy as commuters find it increasingly difficult to reach their destinations on time. The overburdened existing public transport system poses a host of safety issues associated with the condition of roads, age of vehicles and the conduct of drivers and their assistants that lead to traffic accidents and fatalities as well as environmental and health risks linked with Greenhouse Gas (GHG) emissions of vehicles using fossil-based fuels.

Although the transport policies of the city administration promote mass transport systems at reduced costs due to scale economies, the focus of the city administration until recently has been the expansion of roads (that has contributed to the expansion of private car use) and promoting private mini-bus and midi-bus taxi businesses (which has been possible due to a free market policy allowing access into the business). Otherwise, there was no enthusiasm to expand the operation of the city-owned public bus services until recently, which was seen as a measure the role of the private sector in transport provision, while it is only recently that the AACAA had made attempts to augment the old fleet and introduce articulated buses.

The Addis Ababa LRT project currently under implementation as part of the National GTP is an initiative towards affordable public transport. The total length of the electrified LRT which has two initial lines is 34.25 km: the first running North-South between Menelik Square and Kaliti (16.9 km) and the second running East-West between Ayat and Tor Hailoch (17.35 km), intersecting at Meskel Square, use common track of about 2.7 km. Standard gauge (1.435 meters) and double track for the whole route. The LRT – with a capacity of 80,000 passengers per hour is expected to contribute towards reduced travel time for commuters and GHG emissions as it uses hydro-electric power which has no carbon dioxide emission. The LRT project, managed by the Ethiopian Rail Way Corporation, cost US\$475 million, of which 85% is obtained from Export-Import Bank of China. It is being implemented by the China Railway Engineering Corporation (CREC) and was scheduled for inauguration in May 2015.

Notwithstanding current plans that envisage a Bus Rapid Transit to feed the LRT lines, it is high time to think about the integration of the LRT with the rest of public transportation services currently being provided by privately managed mini-bus and midi-bus taxis and the Anbessa City Bus Enterprise. Undoubtedly, the LRT infrastructure will have city-restructuring effects, which underlines the need to adopt transit-orientated development in the city's re-planning efforts. Moreover, the polycentric development trend warrants further expansion of intra-city public transport services, whilst the metropolitan trend in the wider urban region underlines the need to integrate the intra-city and inter-urban public transport services and hence to institute multi-modal transport terminals.

Sources: (*Ethiopian Railways Corporation, 2012*), (*Addis Ababa City Planning Office and Lyon Town Planning Agency, 2012*) and (*Ministry of Transport, 2011*).

Mass Transport

Given the continued increase in the population of the urban centres under consideration, the need for sustained investment programmes to build capacity in public transport services is imperative, taking into account economies of scale, the presence of effective demand and the unique circumstances of cities. In this regard, the on-going light rail transport (LRT) construction in Addis Ababa (Box 3.4), which has already started test running (Plate 3.4), is the way to go in addressing the already high demand in the provision of public transportation in the metropolis. Only six of SECR towns including Addis Ababa have population sizes larger than 200,000, while the total population size of most of the cities is small. These towns need to develop more workable public transport options taking into account the imminent growth of their populations and expansion of economic activity, which would invariably result in significant increase in the demand for mobility.

Current Transport Management Approaches

Different types of transportation improvements tend to result in different types of land use development patterns, which in turn will have their own impact on the volume and pattern of traffic to be generated. Thus, measures that focus on road improvements tend to promote lower-density, automobile-oriented development in urban fringe areas, whereas transit orientated improvements that focus on non-motorized and public transport tend to encourage higher-density, multi-modal, urban redevelopment.

The transport improvement measures currently being implemented in Ethiopian cities tend to focus on the upgrading of existing and construction of new roads as per citywide plans. Although undertaken with the aim of facilitating mobility and coping with growing traffic congestion, the transport management related problems these road improvements try to solve persist in some cases due to traffic bottlenecks in specific locations. The expansion of road networks, unless it takes into account and is complemented by strategies that promote public transport services, encourage the use of private automobiles. Also known as “generated traffic,” this approach tends to encourage dependency on private cars and urban sprawl as being observed in Addis Ababa and other major towns that contributes to traffic congestion. This is in fact a vivid testimony for the limited integration that exists between urban planning and transport planning, which would otherwise help resolve traffic management related problems.

Although public bus services are available in Addis Ababa and a few other towns, the absence of dedicated bus lanes contributes to inefficiencies in the public transport system as well as traffic congestion, particularly during rush hours. Other factors that contribute to traffic congestion include the use of spots near roundabouts as taxi stations and the prevalence of road-side car parking. Even Addis Ababa lacks dedicated car parking spaces, which is being considered in the city-wide plan that is currently under revision. Traffic signs that restrict roadside parking are installed in some spots in Addis Ababa and other major cities, but main roads including newly constructed ones are being used to park heavy trucks and construction equipment. In this context, making huge investments in road infrastructure may be seen as wastage of resources, as new roads are being constructed without ensuring the optimal utilization of existing roads.

On the other hand, car parking regulations are yet to be developed and integrated in the provision of building permits for the construction of multi-story buildings and this is currently observed to contribute to traffic congestion. The placement of activities that generate heavy traffic such as schools (including university compounds), religious institutions and government offices along main roads create hotspots of traffic congestion. Moreover, commercial buildings

being constructed in strategic locations reserve insufficient space for car parking in a bid to maximize the built-up portion of the land they acquire under the urban land lease holding arrangement. These along with issues mentioned above underline the need to dovetail urban planning and transport management efforts.

3.2 BASIC SERVICES PROVISION

The provision of basic services constitutes one of the key benefits of urban life. Of the various elements that can be discussed under the rubric of basic services, this section focuses on water and sanitation, ICT (internet and telephone) and energy.

3.2.1 WATER AND SANITATION

Water Supply

According to a study undertaken by the WB, water supply coverage in Ethiopia is on a strong upward trajectory (World Bank, 2011). Ethiopia has been making substantial progress in increasing water supply coverage, despite a historic legacy of low investment in water related infrastructure, and its poor and largely rural population. Water supply coverage, which refers to the proportion of population with access to a modern source of water within 0.5 km radius increased from 19% in 1990 (11% rural, 70% urban) to 66% in 2009 (62% rural, 89% urban). With this progress, the country has already met the MDG target of 60% coverage. National targets for water supply are embedded in the Universal Access Plan (UAP), launched by the GoE in 2005 with the objective of achieving full access to water supply for all Ethiopians by 2012. Following the updating of the PASDEP-2 in 2010, these targets were adjusted slightly to 98.5% coverage, and the target date extended to 2015. All the same, these new targets are still well above the MDG targets.

Based on data obtained from the Welfare Monitoring Survey conducted by CSA, the coverage of safe water in 2007 was close to 97.8%. In 2011, the coverage of safe water supply among the urban households was significantly large at 99.3%; households without access to safe water constituted less than 1%. As a result, there is no significant variation in the supply of safe water among the 27 cities.⁷ The large coverage of safe water supply in the country is attributed to the attention given by the government to investment in the water sector. Such encouraging figures can be misleading, however, as they can hide issues in the quality of services such as shortages and frequent interruptions as well as losses in urban water supply systems, which still need to be addressed by the cities. The shortage of water affects new construction projects as well as new investment (Box 3.5).

Despite limited access to comparable city level data, the critical issues related to water supply systems include low efficiency of water supply systems, rapid urban population growth and the already high and increasing demand for water from citizens and businesses as well as water resources availability and environmental sustainability issues. Cities are encouraged to compile and make data on the amount of water produced, consumed and lost through leakage as well as

⁷ According to data provided by Arba Minch, Axum and Bishoftu, the coverage of urban water supply as measured by the availability of water within 0.5 km radius is 84, 63 and 93%, respectively.

the design period of existing water supply systems and/or on-going water supply projects as this would help to measure the efficiency and adequacy of water supply systems.

BOX 3-5 MAIN FEATURES OF URBAN WATER SUPPLY SYSTEMS IN ETHIOPIA

The urban water supply sector in Ethiopia has undergone significant transformation associated with pervasive decentralization-related measures since 1995 and the adoption of the National Water Resources Management Policy (1999) and the National Water and Sanitation Strategy (2001). These have informed consecutive national plans for urban water supply including PASDEP (2005/6-2009/10 G.C.) and GTP 1 (2010/11-2015/16). Major focus areas have included decentralized management of urban water supply systems, cost recovery, proper operation and management, strong integration between water supply and sanitation as well as stakeholder participation in water governance. Regarding decentralization, the Ministry of Water and Energy has established a Water Supply and Sewerage Department, regional governments formed bureaux for water resources development, while urban centers established town water supply offices and water board. Yet, regional water bureaux, which have both rural and urban mandates, do not seem to have sufficient capacity to fully reach out to urban water supply systems under their jurisdiction.

On the other hand, there has been significant expansion in the coverage of water supply services considering current service standards of 20 liters per capita day (l/c/d) and service radius of 0.5 km. This is reckoned to have contributed to better access to potable water and sanitation, notwithstanding the effect of the gaps that exist in urban waste management that have their own bearing on the quality of water that can be actually consumed. Moreover, despite the introduction of progressive water tariffs, there is still insufficient cost recovery for proper operation and management due to a big gap in the amount of water produced and distributed by urban water supply systems. This, in the main, is linked to the absence of regular updating of water tariffs and the presence of significant water losses estimated at 30% in Addis Ababa and as high as 35% in other towns. Most urban water supply systems experience significant water losses.

Notwithstanding apparent losses related to faulty metering and illegal connections, the most significant are real losses that occur in water treatment plants, water tanks and main distribution lines. Apart from the absence of a water loss monitoring system, town water supply offices do not have systematic data on the location of water distribution infrastructure (which should be a component of a municipal asset management system). Moreover, the absence of street and home address system further complicates their capacity to respond to reported cases of water leakage. Other contributing factors include corrosion of metallic pipelines, poor quality of fittings and poor workmanship; inappropriate lying of pipelines and/or traffic loadings; absence of planned maintenance; delayed responses due to limited capacity to detect and/or locate leakages as well as absence of decentralized service centers in bigger urban centers; and shortage of resources to upgrade distribution systems.

Most of the piped water supply in Addis Ababa is comes from surface water sources (Geferssa and Dire dams), which is supplemented by recently constructed wells. Most of the other towns covered by this report currently use underground water sources, i.e., boreholes that vary in number and yields. However, the capacity of most urban water supply systems is inadequate to cater for the increasing demand of residential and non-residential demand. Moreover, frequent interruptions in water supply that occur due to the general shortage, electric power outages, failure of water pumps and trunk-lines bursts affect both residents and businesses. In view of its significance to public health as well as local economic development, efforts are being made by the government to improve existing water supply systems in bigger towns with the support of bilateral agencies such as the World Bank, the European Union and the African Development Bank (AfDB). The World Bank in recent years has provided loans amounting USD 150 million towards expanding water supply systems in Addis Ababa, Gondar, Hawassa, Jimma, Mekelle and Dire Dawa (World Bank, 2012a). These projects aim to increase water production levels from the current 50 to 75 l/c/d in Addis Ababa and from 30 to 50 l/c/d in the secondary towns. As the provision of urban water supply services is the mandate of city administrations, cities are confronted with the daunting challenge of mobilizing sufficient resources for the expansion of their water supply systems.

Source: (Ministry of Water and Energy, 2011), (Hussein Aman, 2010) and (World Bank, 2012a).

Sanitation

Sanitation is discussed in terms of access to basic facilities such as access to piped water, toilets and bathing and cooking facilities that influence the quality of life of their occupants. Given that unsafe water is the direct cause of many types of water-borne diseases in developing countries (UN-Habitat, 2003); this indicator seeks to assess the level of access to improved water sources. According to CSA (2008), about 89% of the housing units obtain potable water from private or shared metered taps (i.e. 21.2% and 61.1%, respectively.)

On the other hand, based on the Welfare Monitoring Survey (CSA, 2012a), 70.49% of the housing units have shared water meters, 27.1% have private meters, while houses with other unsafe sources constituted about 2.4%. The percentage of houses without access to tap water decreased from 8.7% to 2.4% between 2007 and 2011 (CSA, 2008, 2012a). Although the percentages appear small, the health risk of using unprotected water sources remains a matter of concern (Appendix 5.8 and 5.10). As the experience of Harar demonstrates (Box3.6), the availability of sustainable supply of water is of critical importance to urban sanitation.

Up to 2007, over a fifth of the total housing units of 26 cities/towns were without toilet facilities (CSA, 2008). Over 55% of the units were using pit latrines (private, 17.7% and communal 37.5%). Housing units with modern toilet facilities i.e. flush system are extremely small in proportion, constituting 8.6% (Appendix 3.10). On the other hand, by 2011, over 71.3% of the housing units were using lavatories (CSA 2012a). Housing with flush toilets accounted for 14.1%, while housing units without toilet constitute about 8.7%. Despite the difference in the number of urban centres in both cases, the pit latrine system constitutes the largest proportion. In general, lack of toilet facilities exposes urban residents to communicable diseases such as dysentery which is among the top five causes of morbidity in urban areas. Although the number of houses with toilet facilities is increasing, the provision of toilet facilities should continue to be accorded priority.

The existing situation of bathing facilities is an indicator of poor housing condition, a situation that requires heightened attention from city authorities ([Appendix 3.9](#)) About 80% of the housing units in the 27 cities were without bathing facilities (CSA, 2008, 2011a). Bathrooms, both private and communal, account for less than 10% of the housing units signifying extremely inadequate access.

As of 2007, over 25% of the total housing units were without kitchens (CSA, 2008). Of those with kitchens, 68% had traditional ones either inside or outside the main house. Units with modern kitchen facilities constituted only 4.9%. By 2011, the situation had not significantly changed. Housing units without kitchens (27.7%) still account for over a quarter of the total (Appendix 3.10).

On the other hand, the use of traditional kitchens both inside and outside the main house still constituted the highest percentage and units with modern kitchens inside and outside were still the smallest in proportion at 4.8%. Over 55% of the houses were using traditional kitchens that utilize firewood, charcoal and cow-dung for cooking. These sources of energy release smoke, which is a major cause of respiratory and eye infections particularly for female members of households due to their gendered cooking-related roles. The use of charcoal sometimes results in lethal carbon monoxide related suffocation

Harar City designated “UNESCO World Heritage Site and a Living Museum” is a historic city with great cultural and religious significance. It was one of the first towns to have piped water supply at the beginning of the last century. Since 1966 the city sourced water from Lake Haromaya but by 2004 the system could no longer cope. Apart from the ever increasing population (110,000 in 2007 and estimated to have reached 125,000 in 2014) that posed serious pressure on the obsolete water supply system, the lake dried up due to ecological problems associated with over-irrigation. The resulting severe shortage of water had negative impact on personal hygiene, household level sanitation and public health, while also affecting the city’s attraction to new investments and the implementation of those already licensed. The Harar Water Supply and Sanitation Service (HWSSA) had to formally notify the Federal Disaster Prevention and Preparedness Commission to consider the situation an emergency, while also appealing to the Federal Government, NGOs and local businesses to assist in mitigating the severe water shortage.

UNICEF was one of the key institutions that provided support in the design and implementation of interim emergency water supply program that involved the construction of five new water wells near Lake Haromaya, the establishment of water tanks in different locations as well as transportation of water from rehabilitated water wells within the city as well as additional water wells in the surrounding farmer associations and nearby towns, which was done using water tanks mounted on trucks. The USD33 million AfDB funded Harar Water Supply and Sanitation Project was designed to provide long-term solution to the crisis. In the absence of an economically viable alternative source of water near Harar, the project intended to pipe water over 75km from an artesian well near Dire Dawa Town. The water distribution system and institutional capacity of HWSSA were to be improved. The project, inaugurated in 2012, involved collaboration between the Federal Government, Harar and Oromia regional states and the Dire Dawa City Administration. Its inauguration enabled, apart from Harar, the provision of water to four additional nearby towns, namely Dengego, Adele, Haromaya and Aweday as well as Haromaya University, which are located in Oromi region. The project, designed to supply water to 250,000 people, offered relief to the residents and the fledgling local economy, while it would no doubt unlock the huge tourism and commercial and industrial potential of the city and the wider region.

Despite the positive change in the water supply situation, the sustainability of the town’s water supply is still an issue. In December 2013, as part of its Corporate Social Responsibility, Heineken Breweries S.C., which acquired the former Harar Beer Factory in 2011, entered a PPP agreement for sustainable water services with the Harar Regional State, HWSSA, other business establishments and NGOs. The PPP seeks to ensure long-term supply of water to Harar Town and the surrounding rural areas. The PPP aims to establish 25,000 new household connections, communal water points, sustainable management of boreholes, and reduction of water losses, improve the quality of water supply through a decalcification plant in Dire Dawa as well as improve the overall operational capacity of HWSSA.

Key lessons from Harar’s recent water-supply related experience include: (a) water is a key factor of urban productivity; (b) ensuring a sustainable supply of water in urban areas is a big challenge; and (c) success in this regard invariably depends on collaboration and continuous engagement of all stakeholders to develop a common vision of water development.

Source: (“Ethiopia: The water problem in Harar,” 2004), (UNICEF, nd), and (Heineken, 2013).

3.2.2 INFORMATION AND COMMUNICATION TECHNOLOGY

The assessment made on ICT includes comparisons made across the 27 urban centres in terms of the penetration of fixed telephones and internet focusing on the utilization of total fixed telephone capacity, number of fixed phones and internet connections per one thousand inhabitants. The current level of ICT application by Ethiopian cities in urban management is also highlighted.

ICT Penetration

In 2014, there were 142,376 fixed telephone subscribers in the 27 SECR cities. This, when compared to the installed capacity of 2,256,604 lines, suggests a very low utilization rate of only 6.5%. This demonstrates, apart from the huge investments made by the government to expand the telecommunications infrastructure for fixed telephone services, the expansion of and preference for mobile telephone services. The proportion of utilized fixed telephone line capacity is, in some towns, as low as 6% ([Appendix 3.4](#)). Of the 11 urban centres included in the study (41%), the utilized capacity is below 10%. Asossa, Jigjiga, Bahir Dar and Gondar were the only urban centres utilizing between 50-60% of the capacity. Despite Ethio-Telecom's marketing promotion efforts, including reductions in per minute tariffs for both fixed and mobile phones, the subscription of mobile phones, particularly prepaid ones, was growing fast. Variations are also observed among the urban centres in terms of the number of fixed telephone subscribers per 1,000 persons ([Appendix 3.5](#)), from the lowest 0.62 in Jigjiga to the highest 4.9 in Bahir Dar. Generally, there is no discernible pattern among larger and smaller towns in the number of subscribers per 1,000 population, which may be increasingly diffused because of the expansion of mobile phones.

Despite the expansion of mobile phone use across the country as well as the availability of mobile phone services in the 27 cities, city-level data on the number of mobile subscriptions was not readily available. At the national level, the level of mobile phone subscription in 2011 was 167 per 1,000 population. During the same year, mobile subscriptions in Kenya and Nigeria were 675 and 586 per thousand population, respectively. Despite significant progress made during the previous years, Ethiopia still lags behind many Sub Saharan African countries in terms of ICT infrastructure availability and use (Table 3.1). The country should step-up its efforts towards expanding ICT infrastructure as one cannot overemphasize the immense benefits ICT provides improving efficiency in marketing, facilitating access to information and provision of financial (banking) and health services, etc., which make it key vehicle for enhancing productivity of cities and their liveability.

TABLE 3-1 Comparison of Ethiopia's Mobile Phone and Internet Access with Selected African Countries

Country	TII ⁸	% of Individuals using the Internet	Fixed telephone subscriptions per 100 inhabitants	Mobile-cellular telephone subscriptions per 100 inhabitants	Fixed (wired) broadband subscriptions per 100 inhabitants	Wireless broadband subscriptions per 100 inhabitants
Ethiopia	0.0266	1.48	0.87	22.37	0.04	0.42
Kenya	0.1612	32.10	0.58	71.17	0.10	2.22
Egypt	0.3571	44.07	10.60	119.92	2.83	27.93
Ghana	0.2444	17.11	1.12	100.99	0.25	33.92
Uganda	0.1011	14.69	0.87	45.00	0.11	7.41
Zimbabwe	0.2238	17.09	2.20	91.91	0.52	28.14
Nigeria	0.1905	32.88	0.25	66.80	0.01	18.37

Source: (United Nations Economic and Social Affairs, 2014).

Regarding internet technology, the total number of internet subscribers was 74,123, which puts the number of internet connections at 1.1per 1,000 population. The average ratio of internet

⁸ TII—Telecommunication Infrastructure Index

subscription per 1,000 inhabitants at the national level for Ethiopia is 0.09, which is lower than that of Nigeria at 0.12 (ITU, 2014).

The number of internet subscriptions per 1,000 habitants also does not show a discernible pattern among the 27 cities. The calculated ratios vary from the lowest (0.02) in Jimma to the highest (2.6) in Bahir Dar. The average for the urban centres in the study was 1.1. According to the latest ITU 6th global ICT data and ICT Development Index (ITU, 2014) Ethiopia ranks 162 out of 188 countries. Relatively higher prices for internet connections as well as shortage of ICT skills are the main limitations identified by this report.

Utilization of ICT in Urban Management

By enabling the introduction of more efficient, transparent and accountable systems, ICT has a lot of potential to support cities in their drive to achieve sustainable development and good governance. ICT can also facilitate the institutionalization of e-government, which is about the provision of efficient services and the participation of stakeholders in city affairs. The application of ICT can bring about changes in the delivery of various types of services including land management, urban planning, infrastructure delivery, SWM, vital statistics, revenue collection, etc. ICT systems can also leverage urban management capacity building efforts by higher levels of government by facilitating the institutionalization of monitoring and evaluation systems. Written reports, meetings and field visits are still the most common types of monitoring and evaluation tools, whereas cities as well as the federal and regional governments rarely use ICT to monitor and evaluate even national programs such as MSE development and IHDP.

The cities covered by this study have been making investments in ICT technologies (purchase of computers) as part of their efforts to introduce more efficient service delivery systems. There were also attempts to introduce computerized information systems for activities such as procurement and contract administration, supplies and store management and asset management as part of the ULGDP I implemented in 19 cities, now expanded to cover 44 cities. Notwithstanding efforts made by many of the larger cities to computerize certain activities related to urban planning and land management, the use of ICT is confined to basic office applications and cities still rely on manual systems to collect, analyze, store and share data and information.

As discussed above, cities are yet to exploit the potentials of ICT to achieve amicable coordination in the delivery of infrastructure and service. The notable exception in this regard is the introduction of integrated utility billing system for water, electricity and telephone in Addis Ababa (Box 7.4) by the Ministry of Communication and Information Technology (MoCIT). There are also instances whereby MUDHCo used the *Woreda-Net* being managed by MoCIT to hold videoconferences on national urban development strategies and programs.

All of the 27 cities have made attempts to provide city-level information for the web portal developed by MUDHCo which they mainly use to promote their investment potentials. A lot remains to improve these web portals, however, in terms of the coverage of the information as well as their regular updating. The Addis Ababa City Administration uses its web portals, among others, to notify the public about the lottery-based allocation of condominium houses. Many city administrations use web portals to notify the public about land lease auctions. The application of ICT in urban management seems to be relatively better in Addis Ababa as can be exemplified by the computerizing data base of traffic records kept by the transport agency as well as the experience of its *Kebeles* in computerizing some of their services including issuance of ID cards as well as birth and marriage certificates.

There is limited use of ICT by city administrations in digitizing and keeping back up of text, statistical and graphic data and information. There is limited use of standardized formats to organize data and information, while available ones are not regularly updated, which constrain effective monitoring and evaluation as well as prompt access to quality information for evidence-based decision making by urban management actors. On the other hand, although many cities have introduced computer hardware and software to facilitate their urban planning and land management related activities, the absence of standardization in the use of computer hardware and software presented a serious challenge for national capacity building projects such as those that envisage to establish integrated cadastral systems. This underlines the need to take measures towards harmonizing the hardwares and softwares to be used by city administrations in similar work processes.

Most cities do not have dedicated units to manage their ICT resources as they are finding it increasingly difficult to attract and retain ICT specialists, which results in high staff turnover and loss of institutional memory. Cities do not provide attractive salary and incentive package as well as the presence of severe competition from the private sector (banking sector). Computer systems are vulnerable to viruses and other malware, while their functionality and service life is also compromised by the absence of local maintenance capacity. Moreover, poor internet connectivity, interruptions in electric power supply and shortage of UPS systems compromise the usability and service life of available ICT facilities.

MUDHCo has developed an ICT strategy (MUDHCo, 2015), which envisages to build capacities for ICT utilization in the various regions and cities. The strategy covers the collection and organization and sharing of information, streamlining the installation of ICT infrastructure, facilitating access to information and ensuring the security of ICT infrastructure and data which can serve as a basis to institutionalize ICT in urban management. The strategy also envisions the establishment of City-Net that can play pivotal role in promoting horizontal learning among cities similar to the *Woreda-Net*, *School-Net* and *Health-Net*.⁹

3.2.3 ENERGY PROVISION

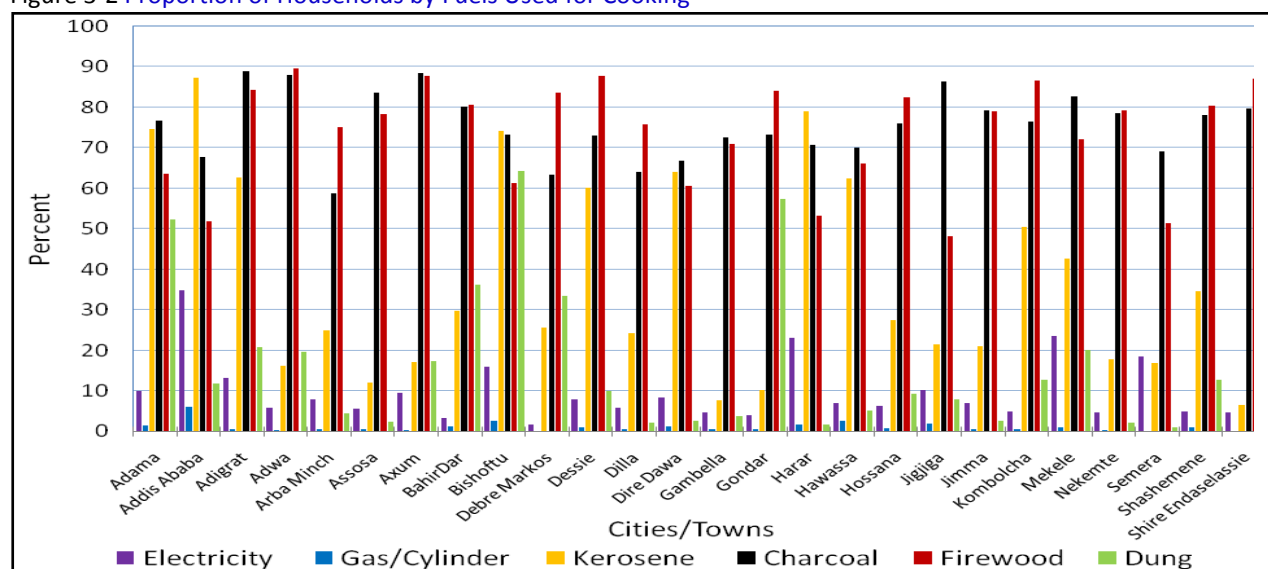
Electricity is a modern form of energy cities provide to their residents and other non-residential entities. Until recently, electricity was mainly used as a source of lighting, while its use for cooking is a recent phenomenon. The reports on the results of the 2007 census which cover all urban centres (CSA, 2008) and the recent 2011 Welfare Monitoring Survey which covers 16 urban centres covered in this report (CSA, 2012a) furnish data on the availability and type of electricity connection at the housing unit level. In excess of 89.3% of the housing units had metered electricity connection, either private or shared. About 9% of the housing units do not have access to electric light and use other sources of lighting (CSA, 2008) and ([Appendix 3.8](#)).

On the other hand, over 94% of the housing units have access to electric lighting representing 38.6 private and 55.6% shared meters (CSA, 2012a). In both cases, the largest proportion is made up of units that use shared meters, followed by private meter users ([Appendix 3.11](#)). On the other hand, at the city level, 98.3% and 98.1% of the housing units in Hawassa and Addis

⁹The *Woreda-Net*, managed by the Ministry of Communication and Information Technology, connects 630+ *Woredas* and 11 regional centers and is mainly used to hold video conferences. Its major objective is to build transparent accountable government system and increase citizen participation in governance. The *School-Net* under the Ministry of Education is mainly used for plasma TV-based instruction in 750+ high schools and preparatory schools. The *Health-Net*, which is housed in the Central Medical Library of the Faculty of Medicine at AAU, is connected to medical schools, hospitals, clinics, NGOs and health research centers in different parts of Ethiopia and being used for exchanging public health related information among health professionals.

Ababa had access to electric power from private meters, shared meters and private generators. Next to Hawassa and Addis Ababa, 90-97% of the housing units in 16 other towns were using electricity. The highest percentage of houses without electricity are found in Jimma (27.5%), Gondar (20.2%) and Jigjiga (20.1%) ([Appendix 3.8](#)).

Figure 3-2 Proportion of Households by Fuels Used for Cooking



Source: (CSA 2008).

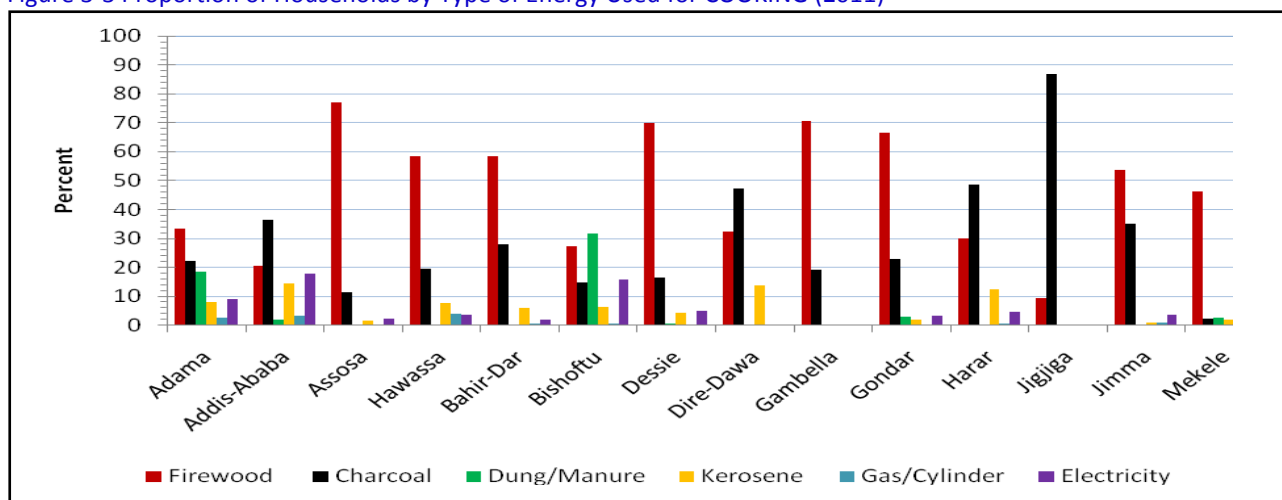
Comparison of fuels used at household level, based on the 2007 census, clearly indicates that households in most of the cities are still dependent on traditional fuels for cooking. The dependence on traditional sources of energy such as charcoal and firewood puts enormous pressure on rural forest resources with direct consequences on the ecological footprint of cities. The use of kerosene was higher compared to electricity and gas since households at the time perceived electricity to be more expensive than kerosene. Moreover, the majority of the households in Addis Ababa and other regional cities such as Mekelle, Adama, Harar, Hawassa, Jigjiga and Gambela still largely depend on traditional fuels for cooking (Figure 3.2).

The 2011 Welfare Monitoring Survey, which provided data for 14 SECR cities, suggests a decline in the proportion of households using electricity in some cities such as Addis Ababa, and those using kerosene in other cities (Figure 3.3). This must be due to increases in prices of kerosene compared to the situation when this commodity used to be subsidized. The general trend in urban areas, however, is towards the use of modern sources of energy in the face of a dwindling supply and high cost of traditional sources of household energy. Even in those urban centres located in the emerging regions such as Gambela, some families have started using electricity for cooking. This is attributable to increased awareness about modern energy-efficient technologies and convenient access to electric stoves.

A change in lifestyle, accompanied by a change in perception, must have resulted in more households using electricity and kerosene. For instance, many families have converted the rooms they were using as kitchens (where they can use traditional sources of energy such as wood, charcoal and dung) to additional rooms or rental units. Moreover, cities have improved service delivery through the implementation of business process re-engineering (BPR), emphasizing the one-stop-shop approach to service delivery, which has facilitated household-level electricity connections. In Mekelle, for instance, the proportion of households using electricity for cooking increased to about 40% in 2011 from only 5% in 2007. Despite a positive shift in some cities, others are still highly dependent on traditional fuels. A typical

example is Jigjiga where more than 85% of the households use charcoal. Jigjiga is the capital of an emerging region where awareness and affordability considerations need to be given priority.

Figure 3-3 Proportion of Households by Type of Energy Used for COOKING (2011)



Source: (CSA 2012a.)

Distribution related constraints are the major challenges for efficient delivery of electric power. The predominance of wooden electric poles that get damaged because of geologic conditions and traffic accidents as well as the quality and state of repair of transformers constrain reliable supply of electric power in many cities resulting in frequent power outages and disruptions. Moreover, the capacity of city level branches of the national electricity parastatal – EEPSCO –to conduct regular maintenance of the electric power distribution network is grossly constrained.

BOX 3-7 GOVERNMENT ENERGY STRATEGIES AND PROJECTS CITIES CAN EXPLOIT

The Green Economy Strategy, launched in 2012, emphasizes the production and use of alternative and renewable sources of energy. The GTP, a five year national plan (2010/11-2014/15), features environment and climate change as a cross cutting issues. GTP seeks to increase energy generated from renewable sources to 8000 MW by 2014/15. The Climate Resilient Green Economy Strategy will help actualize this target. Promoting the use of renewable energy is one of the four pillars of the Green Economy Plan. The Ethiopian Cities Growth and Prosperity Initiative (ECGPI) of MUDHCo envisions to lead to the establishment of green growth and resilient cities. Part of the ECGPI vision is to “create environmentally sustainable cities by 2025”. Emphasis will be given to urban greenery; solid and liquid waste infrastructure, and energy conservation at household and firm level. Wind farms such as Ashegoda near Mekelle generating 120 MW of electricity per year as well as Adama producing 51MW of electricity per year have recently started generating power. Ethiopia has started constructing a geothermal electric power plant in the Ethiopian Rift Valley, which will generate 1,000 MW per year. The first phase, which will produce 500 MW per year, will be completed in 2018. The second phase, which will generate another 500 MW per year, will be completed in 2021. Renewable Energy Projects include the Fuel Subsidy Reform by which the Government of Ethiopia stopped fossil fuel subsidy in 2008. In the area of bio-fuels, since 2008, 5% ethanol and 95% petrol were being blended, while since 2011, the share of ethanol is increased to 10%. Blending of petrol with ethanol is planned to reach 25% of the total fuel supply in the year 2015. Gibe III hydropower plant project is currently under construction, south-west of Addis Ababa. The installed power generation capacity will be 1,870 MW per year. The construction of two power generating plants downstream entitled the Gibe IV and Gibe V has now been planned. The Great Renaissance Dam on the Blue Nile is planned to have a total generating capacity of 6000 MW when it is fully operational. The construction is expected to end by 2015.

Source: (MoFED. 2010). MUDHCO (2014). (UN-HABITAT. 2014) and (FDRE. 2011).

There are also encouraging initiatives that target demand side management. EEPKO is currently promoting demand-side management related initiatives such as the use of energy saving bulbs and prepaid metering that enables consumers to effectively manage their electric consumption. Moreover, there are initiatives such as those by international organisations such as GIZ that focus on energy saving technologies, but many city administrations identified the basically *ad-hoc* nature of and weak coordination among renewable energy initiatives as another challenges. This is exacerbated by low uptake of opportunities created by alternative renewable energy programmes that, in the main, started as rural technology improvement projects. Moreover, the efforts being made by most of the cities to encourage the use of other alternative technologies such as biogas and solar energy is hampered by the high initial costs and scale economy related issues that impact on their sustainable use at the household level.

Skills in producing energy saving charcoal stoves and electric *Injera* stoves are widely available and this can boost the desirable switch towards the use of renewable energy sources. The demand for such stoves can be enhanced by raising awareness of urban households about availability and benefits of renewable energy sources and fuel efficient technologies as well as providing support to producers so that they could produce and sell them at cheaper prices.

Cities can exploit opportunities to promote the use of alternative renewable energy by using sources such as household wastes and agricultural residues for biogas production. The presence of several sugar factories - including those currently under construction – that produce ethanol that can be blended with diesel and petrol, offer an opportunity to promote sustainable transport. Opportunities also exist for higher blending ratios (to increase the share of ethanol beyond 10%) thereby enabling savings on the national petrol import bill. This will also make fuels more affordable, leading to downstream benefits to urban transport users in the form of lower transport cost.

Wind power and solar energy represent additional potential sources. Apart from on-going national hydroelectric projects, some cities have reported the presence of specific city level renewable energy projects such as solar, wind and biogas. The wind harvesting projects refer to those in Tigray (Mekelle) and Oromia (Adama), although there are plans to connect them with the national grid. Overall, limited promotional activities and research on alternative sources of renewable energy hampers the development of the sector thereby causing negative impacts on the environment. In addition, most of the renewable energy demonstration projects are concentrated in rural areas and/or small urban centres. Despite the presence of immense potentials (Cf. the tropical climate) to exploit solar energy for both household and institutional use, for example, the extent of its utilization in urban areas is extremely low due to its limited promotion in bigger urban centres. Exceptions in this regard include the presence of some well-off families who could afford to acquire solar technologies from commercial outlets and use them to get warm water for bathing or washing household utensils. In addition, although limited to very few locations, solar panels are recently installed to power streetlights and traffic lights in Addis Ababa.

3.3 WASTE MANAGEMENT SERVICES

The presence of sustainable solid and liquid waste management systems in urban areas is a good measure of successes in public health, environmental protection and resource recovery. Achieving progress in these areas is critical for cities must deliver these services in the context of rapid urbanization, increased economic growth and changing lifestyles that invariably result in increases in both the volume and complexity of waste generated. Thus a brief review of the state of solid and liquid waste management was made in the following sub-sections with a focus on the 27 cities covered by SCER.

3.3.1 SOLID WASTE MANAGEMENT

A. The Institutional Framework for Solid Waste Management

The presence of appropriate institutional framework for solid waste management (SWM) both at federal, regional and city as well as community levels creates an enabling condition for the successful delivery of SWM services in Ethiopian cities. A brief assessment on the current situation is made focussing on seven areas, namely legal and regulatory framework, policies and strategies, research and development, operational standards, community participation, private sector involvement (public-private partnerships) and financing of SWM operations.

Legal and Regulatory Framework

The Addis Ababa City Administration was the first to issue a SWM policy in 2004 (Addis Ababa city Administration, 2004) and SWM regulation in 2005 (Addis Ababa city Administration, 2003) in response to the enormity of the SWM-related problems faced by the city. The SWM Proc. No. 513/2007 (FDRE, 2007) recognized SWM-related challenges as a nationwide concern. Other key legislations related to waste management include Environmental Pollution Control Proc. No. 300/2002 (FDRE, 2002b) and Environmental Impact Assessment Proc. No. 299/2002 (FDRE, 2002a), Amendment of the Basel Convention Proc. No. 356/2003 (FDRE, 2003), Ratification of Kyoto Protocol Proc. No. 439/2005 (FDRE, 2005), Environmental Protection Organs Establishment Proc.No.295/2002 (FDRE, 2002c) and Establishment of the Environmental Protection Authority Proc. No. 9/1995 (FDRE, 1995), which is recently reorganized under a new Ministry for Environment and Forests.

The existing SWM proclamation does not provide a comprehensive framework for sustainable SWM (MUDHCo, 2014d). Existing legislations do not elaborate on all principal waste streams, namely municipal, industrial, construction, biomedical, agricultural and e-waste as well as all phases of integrated solid waste management (ISWM), i.e. generation (including waste reduction, sorting and resource recovery), temporary storage, collection and transportation as well as the site selection, construction and management of waste disposal sites. They also fail to specify the need to institutionalize the licensing and regulation of SWM operations by municipalities and other actors.

SWM-related regulatory roles are performed by environmental protection agencies established at the federal, regional or city levels (MUDHCo, 2014d). The Federal Environmental Protection Authority (now reorganized under the Ministry of Environmental and Forest Resources) has had both rural and urban mandates and the main focus of its activities in urban areas has been a case by case control of industrial pollution. There was no specialized federal level institution dealing with urban SWM; it was only recently that the MUDHCo established the Urban Planning and Sanitation and Beautification Coordination Bureau, which is reckoned to have provided a better opportunity to deal with urban waste management issues.

Policies and Strategies

The main federal-level policy and strategy frameworks for SWM include MUDHCo's Solid Waste Management Strategy- Creating Enabling Conditions for Green Development (2013d) and Climate Resilient and Green Development Strategy of Cities (MUDHCo, 2014a) as well as the Federal Government Strategy on Climate Resilient Green Economy (FDRE, 2011). The SWM strategy (MUDHCo, 2014d) mentions several challenges of which the major gaps identified include: lack of strong political commitment for SWM both at the regional and city level, which is linked to ambiguities as to whether SWM should be seen as state or municipal functions; challenges to streamline existing legal and regulatory frameworks; absence of mechanisms that would ensure inter-institutional collaboration; limited managerial and technical competencies in municipal SWM operations; and lack of service delivery standards.

The absence of strong integration between urban planning and SWM operations is another missing link mentioned in the strategy document. Even if the land requirements of SWM-related facilities such as land fill sites can be successfully integrated within urban plans, actual situation (e.g., the location and buffering of temporary solid waste disposal sites and transfer stations) may not be in line with planning standards. Moreover, according to background information provided in the strategy document, the SWM sector is yet to establish a transparent and accountable system for SWM operation, and which refers to both households and enterprises generating waste as well as governmental institutions with SWM mandates. The major areas of concern include indiscriminate disposal of waste by households, weak law enforcement by city administrations, and absence of monitoring and evaluation of private sector SWM operations.

Research and Development

One of the critical gaps in improving SWM operations is the absence of institutionalized research on different aspects of SWM. Moreover, built-in monitoring and evaluation systems do not exist, which could have allowed providing well targeted policy- and capacity-building related support to municipal SWM operations and ensuring their integration with other dimensions of environmental management. On the other hand, the absence of accurate and reliable data on SWM is one of the major factors that determine the quality of operational plans for SWM. Moreover, neither environmental protection agencies nor SWM service providers are engaged in SWM research as they are bogged down with routine operations.

Service Delivery Standards

Formal institutions dedicated to the delivery of SWM services are established at agency level in Addis Ababa and Dire Dawa, while in most other cities they are organized as part of municipal operations as units under the purview of city managers. Environmental protection agencies established at the federal and regional levels have very wide mandates that cover both rural and urban environmental issues. Their operations focus on regulatory controls of private enterprises than the provision of technical support to city level waste management departments. In general, cities lack service standards for the major waste streams that include municipal, hospital, industrial and construction wastes. This could have enabled the monitoring and evaluation of the SWM practices of households, MSEs and municipal solid waste workers engaged at the various stages of the waste management cycle. The only exception is the recent effort made by MUDHCo to establish a standard for municipal waste stream (MUDHCo, 2014c).

Institutionalizing Participation

Stakeholder participation in SWM is a prerequisite for institutionalizing ISWM, as success in this regard would invariably depend on improvements to be achieved in terms of waste reduction, reuse and recycling. Currently, there are no detailed guidelines for stakeholder participation in SWM systems which could have otherwise resulted in synergies between the

actions of different actors, which include households and their communities, MSEs engaged in door-to-door solid waste collection, solid waste workers employed by municipal, sub-city or *Woreda* levels, women's groups, youth groups, chambers of commerce and sectoral associations, NGOs, law enforcement institutions, regulatory agencies dealing with the environment, institutions with public health related mandates, research institutions and the media. The absence of such guidelines also affects the effectiveness of neighbourhood level sanitation campaigns, public awareness events on sustainable SWM practices.

Private Sector Involvement and PPP

The participation of the private sector in SWM has been practised in two ways. The most common one is the use of MSEs for primary collection, which may also be regarded as Pro-Poor Public Private Partnership. The second form is employing formal small and medium companies for the collection and transportation of waste as well as street cleaning. The involvement of MSEs in SWM was promoted with multiple objectives of improving the service coverage and cost effectiveness as well as employment creation. The roles and mode of operation of MSEs that are active in Addis Ababa and secondary cities are more or less similar, although those in Addis Ababa are paid by the city administration based on the volume of waste they collect and bring to waste transfer points.

However, MSEs currently encounter a host of institutional challenges that affect their efficiency. These include the absence of service delivery standards as well as effective monitoring of their operations at the city level. A common problem refers to irregularity in the delivery of door-to-door collection and accumulation of solid waste at temporary solid waste collection sites, which is associated with the availability and condition of access roads as well as the rudimentary nature of the equipment they use to collect and transport solid waste. The institutional challenges formal SWM service providing companies currently face have similarities with those faced by MSEs. It is worth noting that, although the MUDHCo has recently issued a guide for SWM standards (MUDHCo, 2014c), holistic capacity building initiatives would be required to change the state of affairs on the ground.

There are also institutional gaps that need to be addressed to make these enterprises more effective and efficient. These include: (a) lack of cost estimate on delivering SMW services; (b) ambiguities in the roles and responsibilities of city administrations as service delivery agencies and as regulatory bodies; (c) absence of one-stop services as SWM enterprises have to deal with environmental protection authorities, public health institutions and municipal waste management departments as well as other regulatory bodies; (d) absence of specific service delivery standards for all of the major waste streams (municipal, construction, industry, biomedical and e-waste); (e) absence of systematic surveys on customer satisfaction; and (f) lack of clarity and general review of existing business models for private sector participation business. On the other hand, there is little experience in PPP aimed at SWM operations, although measures to promote PPPs must take note of the public good nature of SWM (public health, environmental protection and city aesthetics).

Financing SWM Operations

SWM is seen as municipal function and intergovernmental transfers (block grants) are meant to finance state functions. Hence cities lack adequate financial resources to invest on SWM infrastructure and sustainable SWM approaches as the share of cities' own revenue from total city revenue has been declining (see Chapter Seven on Governance and Finance). In general, recurrent expenditures related to SWM are expected to be financed by budgets to be allocated by city administrations from their own revenues. Cities collect nominal sanitation service fees from local businesses and persons that pay land and property taxes.

The Addis Ababa City Administration collects user fees as a percentage of water bills: households connected to a communal water taps pay 5%, those with private water taps pay 20%, while non-residential consumers pay 42.5% of their water bill (WUB-Consult, 2014). In the remaining towns, however, the main source finance for delivering SWM services is cities' own revenue, while households directly pay MSEs engaged in house-to-house collection of solid waste. Yet, the shortage of finance is the major bottleneck to expand the coverage and improve the quality of SWM services. As far as the financing of capital expenditures is concerned, during the last five years, World Bank financing was used for the building of sanitary landfills in Bahir Dar, Mekelle, Hawassa, Dire Dawa and Adama.

Cities do not keep systematic records on the costs involved in the delivery of SWM services, although 80-90% of the SWM expenditure is estimated to go to collection and transportation (MUDHCo, 2014d) leaving little scope for making investments on sustainable SWM interventions such as waste reduction, reuse and recycling as well as sanitary landfills. The absence of systematically recorded cost-related information represents a big challenge for city administrations to develop realistic operational plans for municipal SWM services.

B. Solid Waste Management Operations

The effectiveness of any SWM system should be evaluated from the perspectives of the waste management hierarchy depicted in Box 3.8. SWM operations were evaluated from the perspective of waste generators as services users, municipalities as service providers and other stakeholders including regulatory institutions.

BOX 3-8 SOLID WASTE MANAGEMENT HIERARCHY

- *Prevent the production of waste, or reduce the amount generated.*
- *Reduce the toxicity or negative impacts of the waste that is generated.*
- *Reuse in their current forms the materials recovered from the waste stream.*
- *Recycle, compost, or recover materials for use as direct or indirect inputs to new products.*
- *Recover energy by incineration, anaerobic digestion, or similar processes.*
- *Reduce the volume of waste prior to disposal.*
- *Dispose of residual solid waste in an environmentally sound manner, generally in landfills.*

Source: (UNEP, 2005b).

Waste Generation and Characterization

The five main sources of solid waste, namely municipal, industrial, medical, construction and agricultural, exist in the cities covered by this report, although their volume and proportion are expected to vary at the city level depending upon their administrative roles as well as level of commercial and industrial development. Municipal waste, which consists of residential (household), street, commercial and institutional wastes is the largest component of the total solid waste generated in urban areas. In Addis Ababa, for example, three quarters of the city's waste is estimated to originate from municipal sources.

The starting point for planning effective waste management services is to have a reasonable estimate of per capita waste generation and its characterization, but this study found out that cities have limited information on the amount of waste generated let alone its composition. Until recently, available estimates on Addis Ababa's municipal waste were those dating back to the 1990s that put the average amount of solid waste generated at about 0.221kg/person/day. A

more recent waste characterization study conducted in 2010 by IGNIS project¹⁰ reported that waste generation varies from 0.17kg/person/day to 0.35kg/person/day depending on the level of household income. The per capita solid waste generation rate seems to be growing towards the developing countries' solid waste generation average of 0.4-0.9 kg/person per day (IGNIS, 2010).

BOX 3-9 ELECTRONIC WASTE AS AN EMERGING SOLID WASTE STREAM IN URBAN ETHIOPIA

E-waste, also called as Electrical and Electronic Equipment (EEE) waste, is the fastest growing waste stream around the world being fuelled by faster life cycles of home and personal appliances including ICT equipment as well as demographic and economic growth. According to UNEP (2007), e-waste in European Union countries was growing 3-5 times faster than the total amount of municipal waste generated. The same study estimates that the share of e-waste from municipal solid waste in developing countries was 0.1-1%, which is a reflection of their low level of development, while expected to grow as the size of their population and economies expand and the use of modern home and personal appliances including ICT gadgets gets momentum. Many e-wastes have hazardous properties (UNEP, 2007, p. 12) with ensuing adverse consequences on the environment and human health as they contain valuable recyclable items that attract informal sorting and recycling.

E-waste is an emerging solid waste stream in urban Ethiopia, which is associated with the increasing use of EEE. The Environmental Protection Authority (reorganized under the new Ministry of Environment and Forests) in collaboration with a local NGO called PAN-Ethiopia (Pesticides Action Nexus Association) conducted e-waste survey in 2012 in Bahir Dar, Dire Dawa, Hawassa and Addis Ababa. The survey covered four categories of EEE wastes, i.e. computer and accessories, personal mobiles, televisions and refrigerators generated by households, governmental institutions, NGOs, educational institutions and business establishments. The study found out that e-waste is commonly found mixed with municipal waste, and the generation of e-waste is projected to grow more than tenfold within ten years time. A subsequent report, using the survey data and making a situation analysis on the existing institutional framework, summarized the e-waste management practices in Ethiopia as follows: (a) Prolonged storage of e-waste (e.g. ICT equipment, mobile phones, TVs etc.) in households, offices and governmental premises; (b) informal refurbishing and recycling of waste items and components (e.g. reuse of electric cables, maintenance of radios); (c) uncontrolled dumping of e-waste items including discarded batteries, lamps, refrigerators etc. along with household waste; and (d) some level of formal collection of e-waste from governmental offices and its delivery to an experimental computer de-manufacturing facility under the Ministry of Science and Technology.

Although the current amount of e-waste generated in Ethiopia's urban centers is reckoned to be small, it is expected to grow in the coming years associated with increased use of ICT equipment that will be engendered by population growth and continued expansion of its economy. Moreover, the widespread importation of low quality and second hand or refurbished ICT equipment through different channels, which is generally the case in developing countries, would contribute to a faster expansion of e-waste. As the experiences of Nigeria show, the management of e-waste needs to be done sooner than later, which highlights the need to recognize it as an important waste stream that has to be part of ISWM interventions.

Sources: (Christine Terada, 2012), (UNEP, 2007), (Andreas Manhart, Tadesse Amara and Mehari Belay, 2013) and (Pan Ethiopia and EPA, 2012).

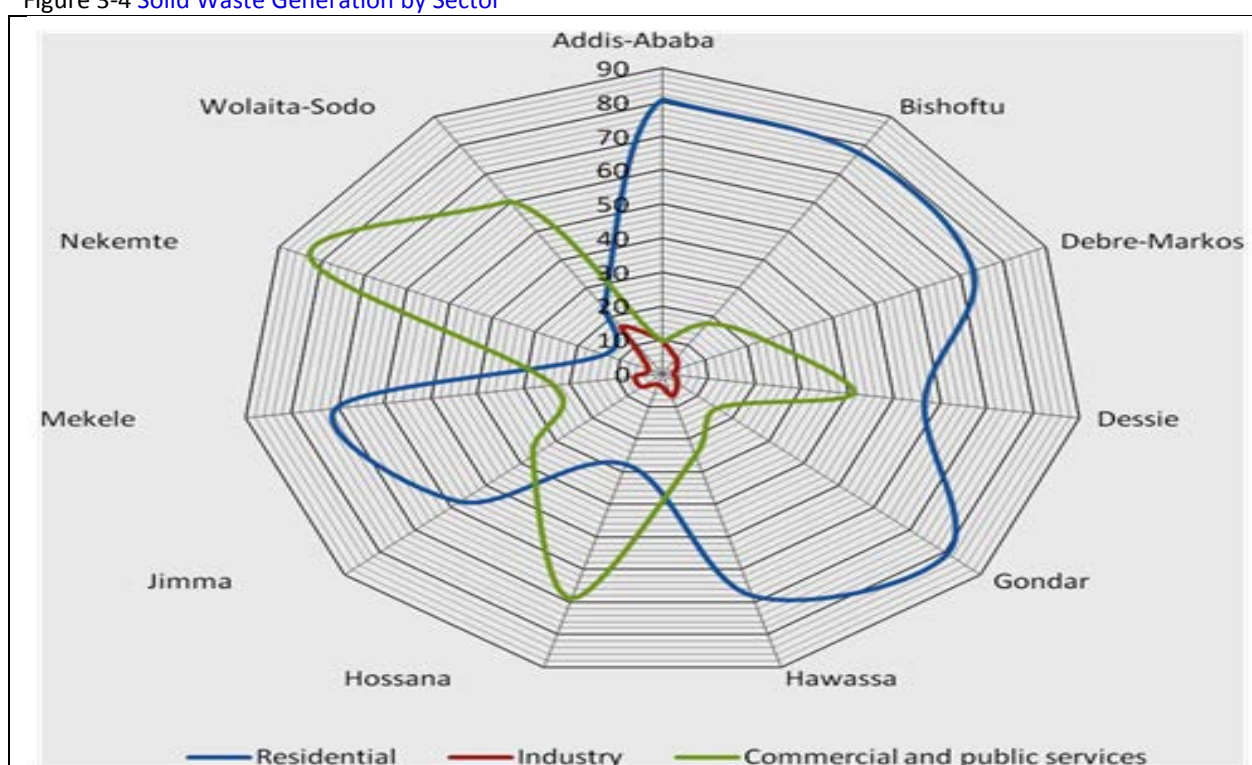
There were some estimates made on the amount of waste generation in secondary cities in connection with feasibility studies undertaken for the construction of sanitary landfills for Hawassa, Bahir Dar, Mekelle and Dire Dawa. Accordingly, per capita waste generation in Mekelle was 270 grams/day (Promise Consultants, 2005 and The Urban Institute, 2006c), Bahir Dar, 156 grams/day (Metaferia Consulting Engineers, 2003 and The Urban Institute, 2006a),

¹⁰ IGNIS (Income Generation and Climate Protection by Valorizing Municipal Solid Wastes in a Sustainable Way in Emerging Megacities) was a collaborative project of the Sanitation Agency of AACA, ENDA Ethiopia (a local NGO), Addis Ababa University, University of Stuttgart and other partner agencies from Germany.

Dire Dawa, 300 grams/day (MS Consultancy) and 250 grams/day¹¹ (The Urban Institute, 2006b), Hawassa, 300 grams/day (GTZ, 2006a) and Adama, 300 grams/day (GTZ, 2006b). The Urban Institute report on Bahir Dar, Mekelle and Dire Dawa notes that the differences in estimates in each of the cities as a critical problem. The level of detail in the available estimates also varies from city to city. The Mekelle estimate provides more detailed information on the share of particular types of waste by volume: 15% ash, 10% plastics, 18% organic (food, grass, fruits and vegetables) and 7% paper” (The Urban Institute, 2006c), while the remaining did not. An emerging waste stream that should get attention is electronic and electrical equipment related waste, which has hazardous characteristics (Box 3.9).

The SWM services provided by city administrations generally focus on the collection and disposal of solid wastes that fall under the category of municipal waste. Based on estimates made by city administrations, residential units generated the highest amount of solid waste followed by commercial and institutional sources (Figure 3.4).

Figure 3-4 Solid Waste Generation by Sector



Source: SECR Field Survey, 2014.

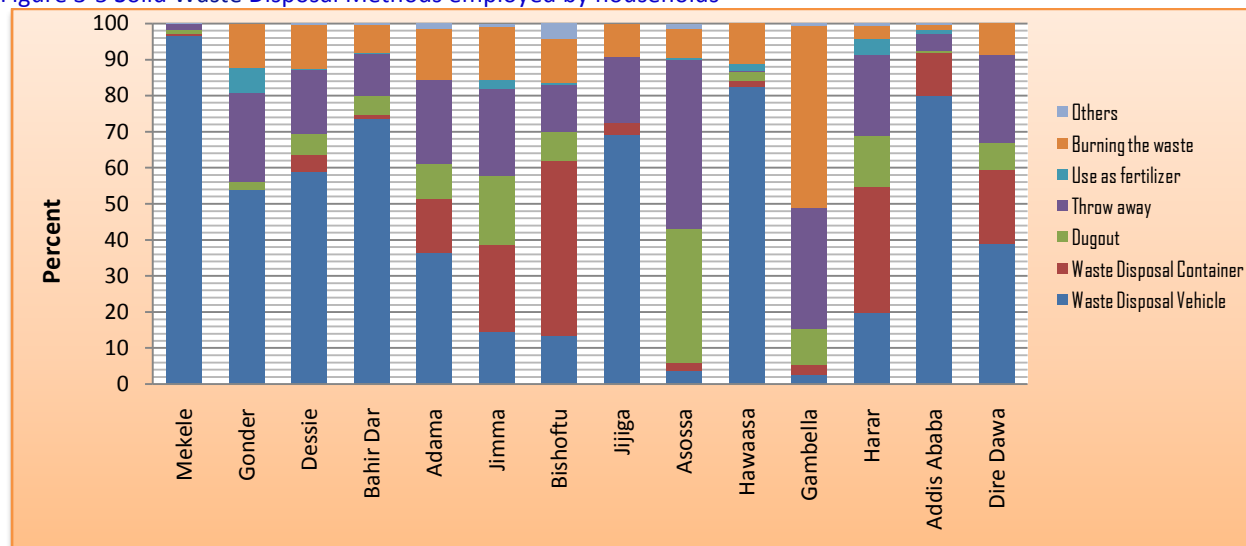
Given the establishment of universities in all of the cities covered by the report, which currently enrol tens of thousands of students, a lot of waste is generated by universities and this needs special attention. These universities should be encouraged to conduct research on SWM as well as collaborate with city administrations to explore the scope for introducing Integrated and Sustainable Solid waste Management (ISWM) within university compounds to be eventually replicated elsewhere by serving as demonstration sites for better waste management practices. Industrial waste is naturally associated with large scale manufacturing as in Adama, Addis Ababa, Bahir Dar, Dire Dawa, Hawassa, Kombolcha and Mekelle.

¹¹ The 300 gm/day from MSES consultancy for the sanitary land fill was limited to household waste and two week field survey. The Urban Institute preferred on expert consultations taking into account the developing countries average of 300-700 grams/day/capita; World Bank (1994) suggested 250gram/day/capita.

Temporary Storage and Collection

The way the storage and collection of solid wastes is organized varies from city to city. However the common practice is that waste is not separated at source for reuse, recycling, composting and waste-to-energy purposes. All kinds of waste such as organics, plastics, glass, paper and ashes are stored in non-water proof polythene bags, which households repeatedly use before they discard them.

Figure 3-5 Solid Waste Disposal Methods employed by households



Source: (CSA, 2012a).

Among the 27 SECR cities, 14 were covered by the 2011 Welfare Monitoring Survey that provides information on solid waste disposal methods employed by households. Figure 3.5 shows that the majority (80%) of the households in the sampled cities are served by waste disposal vehicles and/or waste disposal containers. Most households in Mekelle have access to these facilities provided at the neighbourhood level. Households in Gambela and Asossa, however, have the lowest access to these services due to lack of skips and vehicles. Even in the more populous secondary cities like Gondar, Dire Dawa, Jimma and Adama, up to a quarter of the household wastes are not collected. Among the secondary cities, the findings on Bahir Dar should be cause for concern. Being a lakeside city and one of the major tourist destinations in the country, the prevalence of indiscriminate waste disposal, even at the reported 11.5% level, could easily contribute to pollution of Lake Tana. As the experience of Adama shows (Box 3.10), cities should invest on basic SWM facilities and public education programs, which will contribute to improvements in the level of SWM services.

BOX 3-10 SWM RELATED INFRASTRUCTURE IN ADAMA CITY

The data provided by the Adama City Administration as part of this study shows significant improvements some cities are making in some aspects of SWM, notwithstanding the presence of other issues that still need to be solved such as shortage of staff and equipment. The City Administration currently has organized five temporary solid waste transfer stations, 22 containers and seven solid waste transportation trucks, enabling it to undertake daily solid waste collection. The 7-8m³ capacity containers are located either on street sides or open spaces designated as temporary solid waste transfer stations. There are also 50 MSEs and one private solid waste collection enterprise involved in door-to-door collection of solid waste. Currently, however, the city does not have a sanitary landfill and practices controlled open dumping on a 31,260m³ capacity site located 9.2km from the city centre designed to serve the city for the next five years. Despite efforts being made by the city administration to bring awareness on good SWM-related practices, inappropriate solid waste disposal practices by households and other waste generators remains a big challenge. The situation in Adama, which has similarity with many other towns with relatively better performance as regards the arrangement for basic SWM infrastructure and facilities, underlines the need to undertake concerted public education initiatives towards the institutionalization of ISWM.

Source: Field survey, 2014.



PLATE 3-5 DELAYS IN THE COLLECTION OF SOLID WASTE FROM NEIGHBORHOOD-LEVEL TRANSFER POINTS CREATE UNSIGHTLY CONDITION AND BECOME A SOURCE OF PUBLIC HEALTH HAZARD.



PLATE 3-6 THE DAILY SCENE AT REPI/ KOSHE OPEN DUMPING SITE IN ADDIS ABABA: SOLID WASTE TRANSPORTATION TRUCKS, A BULLDOZER, INFORMAL SOLID WASTE WORKERS AND BIG BIRDS.

Households whose waste is collected on a regular basis either by the municipality or MSEs and other private operators are considered to have regular access to the service. It is worth noting that, it is in less than half of the 27 cities covered by this report that at least 50% of the urban population receives regular SWM services (Figure 3.11). Regular waste collection was available mainly in regional and the chartered cities of Dire Dawa and Addis Ababa with coverage of 60% and 70%, respectively, which is in the main attributable to the involvement of MSEs in door-to-door solid waste collection. A relatively higher level of collection is observed in smaller cities such as Adigrat, Adwa and Axum, all in Tigray Regional State, whereby 70% of households are estimated to have access to regular municipal solid waste collection service.

MSEs providing door-to-door solid waste collection service use hand pushed carts to move solid waste to transfer stations. Households, which are not served by MSEs simply drop their waste on any available open space including rivers or burn them in their backyards. The transportation of solid waste from neighbourhood-level transfer stations to disposal sites is undertaken by city administrations that make use of waste collection trucks. Delays in transporting solid wastes from temporary transfer stations to dumping sites results in littering of waste and becomes a source of public health hazard (Plate 3.5). Collection of solid waste from larger companies and institutions in Addis Ababa and other major towns is undertaken by private waste collection companies, although MSEs also collect wastes from small businesses located in residential neighbourhoods.

Street Cleaning

There is significant street waste collection being undertaken in Addis Ababa and other major towns, with the share of street waste from the total municipal waste in Addis Ababa is estimated at 6% (MUDHCo, 2012a). The collection and transportation of street waste transfer sites is undertaken by solid waste cleaning crews directly deployed by the sanitation and beautification units of city administrations. The Addis Ababa City Administration has very recently outsourced street cleaning services in a selected part of the city to a private company. Similar to household and commercial wastes, street waste is also collected and transported in mixed form.

Processing and Treatment

Formal and institutionalized forms of resource recovery for re-use and recycling of waste including composting and waste to energy are yet to take firm hold in Ethiopian cities. The starting point of sustainable SWM - separation of waste at source - is missing and solid waste collected from municipal sources is simply transported to dumping sites without separation.

BOX 3-11 PLASTIC WASTE RECYCLING

The Plastic Waste Recycling Project of SOS Addis 'Tefetron Bemalimat Bikletin Masweged Mahiber' aims to reduce waste plastic in Addis Ababa by installing collection and recycling facilities. Plastic bags, pet bottles and other plastic containers are some of the materials recycled. The project collected 51,958kg from three *Kebeles* in Addis Ababa in 2007, earning 77,937 Birr (8,660 USD). The project mobilized 2,000 people in its annual anti-festival (anti-plastic bag) campaign, 15 schools for its cleaning campaign and held waste plastic collection competitions in the same year. In February 2007, it successfully campaigned for the enforcement of Proclamation No. 513/99 banning thin (<0.03mm) plastic bags. This success story can motivate other private players to engage in sustainable waste management.

Source: (SOS Addis, 2008).

There have been some experimental initiatives in Addis Ababa and other major cities to sort and recycle solid waste to produce charcoal briquettes and compost as well as developing pilot bio-gas facilities within schools. Activities such as those by IGNIS-Ethiopia and ‘Tefetron Bemalimat Bikletin Masweged Mahiber’ are some of the few examples (Box 3.11). These initiatives are ways through which the AACA is promoting environmental sustainability by encouraging the adoption of circular systems of waste management. There is also potential benefit from introduction of sorting and recycling in condominium apartments (Box 3.12).

BOX 3-12 OPPORTUNITIES FOR ISWM IN ADDIS ABABA CONDOMINIUM NEIGHBOURHOODS

Good practices in condominium and apartment development require developers to present SWM plans in advance as part of the design and award procedures. Experience also shows that the management of solid waste in condominiums and apartments requires special considerations even under the “business as usual” approach of collection, transportation and disposal of mixed waste. Cities issue specific regulations for the sustainable management of solid waste. The regulations (a) define, among others, compulsory recycling and composting, (b) specify items to be managed as recyclable, compostable and non-recyclable waste, (c) develop standards for solid waste containers and their markings to avoid contamination and ensure occupational safety and health of solid waste workers, (d) set collection programmes by type of waste, and (e), specify the role of condominium management in liaising with solid waste service providers/regulators and resident households.

Condominium managements, in close collaboration with service providers, are given responsibilities for periodic reporting on the state of SWM for their respective communities. The reporting system often covers data on the volume and composition of solid waste, participation of the community in SWM and commercialization of recyclables. More importantly, condominium managements are instrumental in mobilizing residents for public education and institutionalization of sustainable SWM practices - reduce, reuse and recycle. The advent of large scale individual dwelling ownership under social or community building settings present opportunities for institutionalization of ISWM, even at household levels. As multi-storey residential buildings start to account for an increasing share of the total housing stock, the need to transform the current SWM practices becomes evident.

The solid waste streams include residential households, streets, commercial establishments, industries, construction and medical institutions. The proportion of biodegradable and compostable organic waste is significantly higher than recyclables and other forms of solid waste. During the past 10 years, the AACA has improved the door-to-door collection of solid waste by promoting the establishment of SME with the additional objective of creating employment for thousands of jobless youths. Huge investments on waste collection vehicles and community waste bins have resulted in increased amount of waste transported to the main disposal sites at Repi, which is an open dump site that has outlived its design period. Thus, the current state of Addis Ababa’s SWM system leaves much to be desired.

Efforts are underway to build a sanitary landfill, but the city cannot rely on landfills without institutionalizing ISWM, since the life of sanitary landfills will be short and the city cannot afford to develop landfill sites every now and then, not to mention the attendant environmental consequences. It is a high time to promote ISWM in Addis Ababa given the high proportion of recyclable and biodegradable waste in the total solid waste stream, whilst condominium neighbourhoods present ideal opportunities for introducing such practices. The Addis Ababa City Sanitation and Beautification Agency should work closely with condominium owners associations on SWM-related matters. The starting point for institutionalizing ISWM in condominium neighbourhoods would be conducting public education on the importance of separating waste at source. Once residents accept this and start depositing particular types of waste into designated containers, solid waste collectors will transform into recyclers. This would eventually allow the city administration to save significant resources with meaningful reductions in the transportation of biodegradable and recyclable waste.

Source: (IOWA City Landfill Recycling Centre, 2012), (MUDHCo, 2012a) and (MUDHCo, 2014d).

Recycling remains underdeveloped and most of the organic wastes end up in landfills despite the fact that 50-60% of the solid waste generated is organic and compostable. Limited composting also means cities are missing opportunities, as they could otherwise obtain fertilizers to be used in urban agriculture as well as parks and other green spaces, besides reducing the cost of transporting organic wastes to disposal sites with attendant GHG effects. Moreover, the methane gas generated at landfills is not harvested thus contributing to a bigger GHG emissions footprint. Ethiopian cities are therefore expected to shift towards more sustainable SWM systems (circular systems) such as waste minimization, reuse, recycling and composting, but, with the exception of the first waste-to-energy project recently introduced in Addis Ababa, they are yet to promote these sustainable SWM practices.

However, some level of resource recovery from households, temporary storage points and waste disposal sites is undertaken by informal economy operators (*Koralios*) and more recently by MSEs engaged in door-to-door collection of solid waste. The most common resource recovery for reuse and recycling takes place between the *Koralios* and low income households. The trading of scrap items made from metal, plastic, wood and glass is now well established. Although the practice is more widespread in Addis Ababa, it is also common to other towns covered by the study. The recycling market in Addis Ababa is a network of door-to-door collectors, craft persons and distributors. This serves the national market through regional wholesalers and distributors. Informal economy operators are also among suppliers of raw materials to the few metal and plastic recycling factories.

Waste Disposal

Cities need to develop sanitary landfills that prevent the release of toxins into the atmosphere as well as surface and underground water sources. Regardless of the overwhelming environmental benefits and technological advantages of sanitary landfills, they were only introduced during the last few years (Box 3.14). Bahir Dar, Hawassa, Dire Dawa and Mekelle currently own sanitary landfills that were constructed with financial support from WB (Box 3.13). All other cities, including Addis Ababa, are currently using open solid waste dumping sites (Plate 3.6).

BOX 3-13 LANDFILL DEVELOPMENT IN ETHIOPIAN CITIES IS A RECENT PHENOMENON

Since 2007, in an effort to promote urban environmental sustainability, some urban centers such as Mekelle, Hawassa and Dire Dawa have developed sanitary landfills under ULGDP-1. Others like Dilla and Harar have recently secured funding to construct sanitary landfills. The landfills are located at the periphery of the cities, fenced-off to restrict unauthorized entry and have good access roads. The landfills are designed and constructed to dispose of waste in a controlled manner that minimizes negative social and environmental impacts. The sanitary landfills have gas venting systems, collect and treat leachate; and apply soil cover daily on waste. The landfills have a design period of 10 years and most have an implementation plan for decommissioning of the site. Apart from the environmental benefits, the landfills have a lot of potential to provide sustainable livelihoods and employment for the citizens to be engaged in sorting and recycling waste. Addis Ababa is currently developing a sanitary landfill in Legedadi area, which would replace the Repi open dumping site that provided service for more than 60 years.

Source: *Field Work*, 2014.

However, the few cities with recently commissioned sanitary landfills such as Dire Dawa, Hawassa and Mekelle lack adequate machinery at the landfills sites. The way waste is disposed and managed in these new facilities is not quite different from the open landfills. It should also be noted that developing and managing sanitary landfills are two separate things: if a sanitary landfill is not properly managed, it may even degenerate into a common open landfill.

Moreover, if cities do not embark on sustainable SWM systems, the lifespan of newly established sanitary landfills will be shortened, with dire environmental consequences and additional demand for land to develop additional landfills.

BOX 3-14 SOLID WASTE MANAGEMENT ISSUES IN ADDIS ABABA

The Addis Ababa City Charter, Addis Ababa Solid Waste Management Policy and Addis Ababa Solid Waste Management Regulations serve as the legal foundations for SWM in the city. Solid waste management services have been decentralized to lower tiers of administration. The community participates in neighbourhood level sanitation –campaigns to be organized by local administrations. Primary door-to-door collection from each household is undertaken by MSEs. The city focuses mainly on collection, storage, transportation and disposal of solid waste and there is little recycling activity. Most of the collection of recyclables in the city is undertaken by the informal sector. The role of the private sector in transportation of solid waste is limited. The major SWM-related challenges include lack of environmentally sound, effective and efficient waste management systems and low service coverage (i.e., collection and disposal). The present method of disposal is crude open dumping - hauling the wastes by trucks, spreading, leveling and compacting by bulldozer. Daily cover with soil is not done. The process does not include leachate containment or treatment, rainwater drain-off and odor or vector control. The Koshe dumpsite becomes virtually unusable during the rainy season as maneuvering waste disposal trucks and earth moving equipment becomes difficult. This leads to accumulation of solid waste at temporary collection/ transfer stations and infrequent door-to-door collection of solid waste by MSEs. The city, however, is developing transfer stations in different locations and a new sanitary landfill that is near completion.

Source: *Field Work, 2014.*

Although some of the cities covered by this report have made considerable progress in improving their SWM systems, many are still lagging behind. Cities like Wollaita Sodo, for example, face numerous challenges including shortage of containers and transfer stations at the neighbourhood level that serve as temporary storage, absence of formally designated landfill sites as well as shortage of staff and waste transportation trucks. The lack of containers and solid waste transfer stations undermines the door-to-door collection of solid waste, while the shortage of waste collection trucks and absence of land fill sites compromises the proper transportation and disposal of waste. These constraints invariably lead to indiscriminate dumping of waste that tarnishes the image of cities. Moreover, cities are yet to take concerted measures towards institutionalizing ISWM systems, which should start from systematic awareness creation efforts and pilot projects about sorting waste for reuse and recycling.

3.3.2 LIQUID WASTE MANAGEMENT

Waste Water Collection and Septic Tank Emptying

The absence of sewage networks and treatment plants complicates the collection and treatment of waste water in most cities.¹² Even Addis Ababa, the only city with sewer networks, has a very limited sewer network coverage that accounts for 7.5% of the built-up areas (MUDHCo, 2012c). Since only parts of the older sections of the city are connected to the central sewer system, both residential and business premises use septic tanks although their availability is severely limited in many of the old neighbourhoods.

¹² Sewer lines should not be confused with storm water drainage canals and, as stipulated in the integrated urban infrastructure provision strategy (MUDHCo, 2005 E.C.), there is a plan to start the establishment of sewerage systems and liquid treatment plants in the major towns.

Since its establishment towards the end of the 19th Century, Addis Ababa's existence has been inextricably linked to the ecosystem of Akaki River comprising Little Akaki and Big Akaki rivers. The Akaki River Basin consists of two sub-catchments draining from the Entoto Ridge, which is found not very far from the city's major built up areas. Little Akaki and Big Akaki Rivers, which divide the city into the western and eastern sub catchments, flow on the left and right sides of the Debre Zeit Road being joined by their tributaries along their courses before ending up at Aba Samuel Reservoir. Since the tributaries are found close to the two rivers, their catchment area is relatively small. Yet, the presence of impervious surfaces such as roofed buildings, roads, pavements and drainage canals associated with the expansion of built-up areas as well as deforestation and depletion of vegetation cover in and around the city represent significant catchment contributions.

The degradation of the Akaki River Ecosystem goes beyond urban impermeability, whilst various studies have documented the negative impacts of rapid urbanization as well as unsustainable industrial developments (in upstream areas) and agricultural developments (in downstream locations). The changes in the chemical, physical and biological properties of the two rivers and their tributaries are visible. The physical appearance of Little Akaki is unsightly and with offensive odors, while that of Big Akaki is not also different, especially as it passes through the city's major industrial zone. Most of the original aquatic life in the two rivers has disappeared over the years due to high level of pollution.

The lower catchments of both Little and Big Akaki Rivers host the largest concentration of manufacturing enterprises in the city, many of which are located near or on the banks of the two rivers hence discharging their effluents into these rivers. According to the Report on Medium and Large Manufacturing Industries Survey (CSA, 2011), Addis Ababa accounted for 40% of the total number of manufacturing enterprises in the country. Other sources that contribute to the degradation of the Akaki River ecosystem include inappropriate solid and liquid waste disposal practices of households and businesses, while the problem is further exacerbated by the limited coverage of the city's sewage network. The MUDHCo waste management strategy indicates that only 14.4% of the city's liquid waste is processed.

On the other hand, a thriving irrigated farming is undertaken along the banks of the rivers despite being subject to severe pollution. Based on data obtained from the Addis Ababa Urban Agriculture Office, a recent UNEP Study on Addis Ababa's urban and peri-urban agriculture estimates that, in 2012, a total of 300 ha of vegetable farm land was operated by 6,454 farmers most of which is found in those sub-cities covering the downstream areas (UNEP, 2014). Several studies warn of possible heavy metal contamination of some of the vegetables produced by these irrigated farms. The health impacts of polluted waters of this river on the rural population of Finfine Zuria Zone of Oromiya Region on the downstream location pollution were also reported.

The rehabilitation of the Akaki River ecosystem is one of the major issues the Addis Ababa City Administration should consider as its strategic interventions in light of the vision to build ecological, social and economic assets for climate resilience and green economy. Ongoing efforts by EEPCO to revitalize the hydro-electric dam at Aba Samuel as well as studies undertaken as part of the preparation of a new master plan for the city are expected to leverage the building of consensus and partnerships that would be required to ensure the success of such ecosystem rehabilitation endeavors.

Sources: (UNEP/UNESCO/UN-HABITAT/ECA 2003), (UNEP, 2014), (Samuel Melaku, Taddese Wondimu, Richard Dams & Luc Moens, 2007), (G. Gebre & D. Van Rooijen, Ethiopia, 2009) and (CSA, 2012c).

Currently, city administrations are the main service providers of liquid waste collection services although there are private operators that provide septic tank emptying services in bigger cities like Addis Ababa, Dire Dawa, Hawassa, Adama, Mekelle, and Bahir Dar. The coverage of the liquid waste collection service is constrained by the shortage of liquid waste vacuum trucks at the disposal of city administrations compared to the enormous demand due to the burgeoning residential, commercial, institutional and industrial developments.

Protection of Water Bodies

Cities should come up with strict measures to protect water bodies from pollution. In this connection, it is encouraging to note that urban development schemes prepared at different times for those cities covered in this study propose clearly delineated buffers based on set standards as stipulated in the urban structure plan guidelines (MUDHCo, 2012b). However, the study found that, apart from Shire Endasselassie and Hosanna, all cities from which data was obtained indicate challenges to enforce these environmental standards and water pollution is a major urban environmental concern. In virtually all cities, rivers are used as effluent discharging points for both residential units as well as manufacturing industries. This results in detrimental public health related hazards to those residing in downstream locations and who use river water for domestic as well as agricultural purposes (Box 3.15).

Similarly, in cities like Arba Minch, Bahir Dar, Bishoftu and Hawassa, effluents are discharged into lakes (Box 3.16). In general, the scenario is indicative of a situation in which ecological considerations need much more attention in Ethiopian urban centres than has been the case to date. The situation is worrying as cities lack basic data on current conditions of water bodies that include rivers, lakes and wetlands. Apart from the need to protect rivers from pollution, Ethiopian cities should give attention to the need to liquid water recycling, notwithstanding the fact that waste water treatment remains an issue in most countries of the world. As outlined in the waste management strategy (MUDHCo, 2012c), wastewater collection is the primary measure towards water quality monitoring and habitat protection. Unless measures are taken to treat waste, cities will continue to draw water from different sources beyond their natural recharge capacity. This may lead to drying-up of water resources resulting in negative impacts on the urban ecosystems.

Hawassa, the capital of the Southern Nations, Nationalities and Peoples' Region, is a lake side city located 275 km south of Addis Ababa. The total area of Lake Hawassa is 93.5 Km² with a watershed area of about 1411Km². The population of the city has more than tripled during the last two decades and reached 285,785 in 2014, which is further projected by the CSA to reach 335,508 by 2017. Hawassa's rapid population growth was accompanied by significant expansion in construction, manufacturing, commercial and agricultural activities. The burgeoning hotel and tourism businesses in the city are indicators of its role as a major destination for local and international tourists. Yet, the upstream location of the city makes the Lake vulnerable to the pollution related impacts of these otherwise positive urbanization related trends.

Several studies including those by the Hawassa University and Wendo Genet Forestry College have identified the existence of severe degradation of the lake's natural ecosystem, which has resulted in the sedimentation of the lake thereby affecting its biodiversity. This state of affairs has attracted a number of initiatives including "Conservation and Sustainable Use of Lake Hawassa Biodiversity" and "Enhancing Climate Resilience, Food and Nutrition Security in the Lake Hawassa ecosystem that are currently underway." A longstanding pressure that comes particularly from the unregulated irrigated agriculture being practiced in the catchment areas presents a major threat to the sustainability of the agricultural and the water system. Observable damages include depletion of fishery resources, proliferation of sea weeds, soil erosion and formation of gullies in farmlands, flooding and sedimentation of the lake and moisture stress on existing farm crops. The collusion between rural land degradation and environmental pollution caused by urban waste is evident.

Five major sources of urban waste (industrial, municipal, commercial, hospital and agricultural) are posing serious damages on the Lake's ecosystem. Firstly, all of the major manufacturing industries in Hawassa (textile, beer, soft drink, flour and ceramic) release their effluents into the lake. The pollution levels of effluents from these factories, as measured by the Hawassa City Environmental Protection Agency (HCEPA), were found well above permissible levels. Secondly, as established by HCEPA, the management of the municipal sanitary landfill, which is geo-membrane protected but damaged and yet to be replaced, is being degraded to an open dump posing the risk of links with the ground water systems. Thirdly, among the local businesses, restaurants, hotels and automotive garages used to connect their drains to the lake. Fourthly, the proliferation of irrigation-based production of high value vegetables on the banks of the lake is a source of chemical pollution, which is linked to the use of fertilizers, pesticides and insecticides. Fifthly, the Hawassa Referral Hospital, built on the banks of the lake and generating medical wastes, is one of the direct contributors to the lake's pollution.

This state of affairs has forced the Hawassa City Administration to take some strict environmental measures through HCEPC. All factories were asked to submit their Environmental Audit and Waste Management Plan, while the experts of agency have started visiting the industries regularly to check progress. Hotels are increasingly forced to use their own septic tanks and required to emptying from time to time. The waters of swimming ponds of lakeside resorts, which are treated with chlorine, are banned from being released to the lake. The city administration has recently approved a buffer zone regulation which requires, among other things, certain activities to move away at least 200 meters from the banks of the lake. In addition, in collaboration with the relevant offices and voluntary organizations, HCEPA is promoting watershed rehabilitation activities. These include encouraging farmers to plant perennial crops (e.g., fruit trees) as well as rehabilitating four wet lands of which two are already reclaimed. On-going efforts to rehabilitate the Lake's ecosystem underline the imperatives of strengthening rural-urban linkages. Looking into the environmental track record of existing industries, one would be tempted to ask: Can Hawassa City sustain more manufacturing expansion given the challenges existing industrial practices pose on the lake's ecosystem?

Source: Hawassa University (2014a), (Hawassa University (2014b) and (Hawassasa University and Wondo Genet College of Forestry and Natural Resources (2014).

3.4 SOCIAL INFRASTRUCTURE

The assessment made under this section on social infrastructure focuses on the provision of educational and health services.

3.4.1 EDUCATIONAL SERVICES

The assessment made on educational services measures the level of service provision through the indicators such as net enrolment ratio, NER (percentage of pupils at a particular grade level, who are of the official enrolment age for that level, out of the corresponding school age population) and literacy rate (proportion of population aged five years and above who can read and write a simple sentence in any language).

Based on total enrolment data ([Appendix 3.6](#)) and school age population ([Appendix 3.7](#)) obtained from the 27 SECR cities, NERs for kindergarten, primary and secondary school were calculated at 74.8, 83.9 and 60.4%, respectively. The figure for primary school is high probably because of wider age range of the school age bracket corresponding to the primary than secondary level. The estimated average enrolment ratios are higher than the actual figures since some of the ratios for some urban centres are gross enrolment ratios which are usually higher than net enrolment ratios. The average NER estimated by excluding those urban centres for which gross enrolment ratios were computed (Hawassa, Debre Markos, Dessie and Dilla), those for which the NER have been reported to be above 100% (Adwa, Adigrat, Axum, Kombolcha, Jigjiga, Hosanna) and those for which data is not available to estimate NER (Bahir Dar and Semera) has been found to be 56.4, 67.1 and 39.2% for kindergarten, primary school (1-8) and secondary school (9-10), respectively, based on the gross enrolment rate.

Enrolment ratios at the secondary school level were found to be lower than those at kindergarten and primary school. Only about 40% of the school age population was found to be attending secondary level education. This could be due to inadequate number of secondary schools, as well as drop outs due to various reasons. Comparison of the average NER of the urban centres with ratios at national level (urban and rural) reveals that, net enrolment for kindergarten and secondary school in urban centres was better than the ratios at national levels, whereas the reverse was true of primary school ([Appendix 3.8](#)). Normally, the NER in urban areas is expected to be above the national average since the national average includes rural areas where net enrolment is generally low.

Kindergarten enrolment ratio is found to be below 50% for more than half of the urban centres covered by the study. This could be attributable to shortage of kindergartens and affordability problems since the provision of pre-primary education services has been handled by the private sector. Realizing this problem, the government has recently introduced the provision of “o” class or zero class pre-primary education in government owned primary schools, which is a move in the right direction. Yet, a lot remains to be done to ensure the success of this initiative given the shortage of teachers, class rooms and other facilities.

Primary school NER indicates that the figure for each of the urban centres was above 50% with the exception of Arba Minch (46%) and Nekemte (32%). Regarding secondary school enrolment, the ratio for more than 66% of the urban centres was below 50%. There is also variation among the urban centres, the lowest being Arba Minch at 17% and highest Shire Endaselassie at 84%. Compared to the ratio at national level (19%), the figure for the 15 urban centres taken together (39%) is found to be on the higher side.

In 2006/7, there were 269 TVET institutions in the country, and their number had increased to 496 in 2011/12, exhibiting a significant average annual increase of 8%.¹³ During the same period, there was also an increase in the number of both trainees and teachers (MOE, 2012). Though the number of TVET centres has grown in the urban areas, there is considerable number of urban centres, the majority of which are small towns, without TVET making access to TVET training unavailable for many prospective trainees. Currently, apart from 34 public and four private universities, there are also additional institutions of higher learning located in urban areas that are spread across all the regions. Access to these institutions, especially by way of evening classes, tends to be higher for those residing in the urban centres that host such universities, which in turn increases their chances to acquire additional knowledge and skills and thereby succeed in the labour market.

According to 2007 census, out of the total population aged five and above in the country (50,978,968), about 43% are literate. Disaggregated by sex, there were more literate males (51%) than females (34%), as males are more favoured than females to go to school ([Appendix 3.9](#)). The trend in literacy rate indicates that the share of literate population increased from 19% in 1984 to 43% in 2007, arguably due to the attention given by government to adult and non-formal education (NFE). The figure is currently estimated at around 50%.

TABLE 3-2 Proportions of the Literate Population in the Various Regions, 2007

Region	Total	Urban	Rural
Addis Ababa	79.90	79.90	-
Afar	17.30	53.30	11.80
Amhara	38.00	70.80	33.10
Benishangul-Gumuz	39.50	67.80	34.90
Dire Dawa	61.40	77.10	24.00
Gambela	49.50	70.00	42.50
Oromia	39.10	74.70	33.80
SNNP	41.80	75.20	37.90
Somali	14.00	34.40	10.70
Tigray	45.40	72.60	38.60
Harar	62.20	-	-

Source: (CSA, 2008).

The proportion of the literate population in various regions of the country ranges from the lowest (14%) in Afar to the highest (80%) in Addis Ababa. As might be expected, the figure for Addis Ababa is significantly higher than any other region in the country. The proportions in Somali and Afar are very low (Table 3.2), mainly due to the fact that the majority of the population of these regions are pastoralists who move from one place to another in search of water and grazing land for their livestock. The Ministry of Education is currently working with the regional bureaus in pastoral regions in promoting alternative education programmes (through mobile schools) to address this situation. Overall, the proportion of the literate in the urban centres is significantly higher than in the rural areas.

Many cities in Ethiopia are benefitting from the Federal Government's national literacy programme through which adult and NFE has been delivered to combat the high rate of illiteracy with a particular focus on females. The programme includes a range of basic education and training components for out-of-school children and adults. It focuses on literacy and numeracy as well as the environment to enable learners develop problem-solving abilities and change their modes of life. The programme has three sub-components: a programme for

¹³ The 2012/13 education statistics abstract (MoE, 2013) puts the number of TVET institutions at 437 and reports a reduced enrolment of 238,884 in 2012/13 as compared to 308,501 in 2008/9.

out-of-school children between 7-14, a functional adult literacy programme for youths and adults who are 15 and above, and basic skills training to youths and adults through the community skills training centres (ESDP III, 2005). This programme is expected to contribute towards improvements in the lives of many urban youths and adults by increasing, among others, their chances for gainful employment.

3.4.2 HEALTH SERVICES PROVISION

The assessment made on the current status of health services focuses on indicators such as hospital-population and population-physician ratios. This is done in consideration of the role of cities as key locations for higher order social services for their residents as well as those in nearby rural and small urban settlements. Otherwise, given Ethiopia's health policies that promote decentralized provision of preventive health services as compared to curative health services, the focus has been in the establishment of lower level facilities such as health posts, clinics and health centres as well as the training and deployment of nurses and health extension workers. This is reckoned to have contributed to significant improvements in the delivery of health services and the Ethiopia's world acclaimed achievements as regards many of the MDG goals in the health sector such as reduction in under-five and maternal mortality rates by two thirds between 1990 and 2012 - the required reduction for meeting the target of MDG 4 on child survival (UNICEF, 2014). In 1990, the under-five mortality rate was one of the highest in the world at 204/1,000 live births; by 2012, this rate had been slashed to 68/1,000 live births. The private sector is also playing important roles in health care service delivery (Box 3.17).

BOX 3-17 URBAN HEALTH SERVICE DELIVERY BY THE PRIVATE SECTOR

The role of the private sector in the provision of health services is promoted since it reduces the health services burden on government, while offering choice for consumers. The national health policy's focus on disease prevention and the government's establishment of health centres gave impetus to the expansion of private health service delivery, the perennial tension between its public service-cum-commercial characteristics notwithstanding. Private sector involvement was boosted by the adoption of a free market policy following the change of government in 1991. The transition to a market based health economy stimulated significant expansion of private health facilities in urban areas, particularly in Addis Ababa.

Private health facilities' licensing is managed by regional health bureaux and *Woreda* level health departments based on guidelines specifying facility, staffing and equipment requirements. Despite its slow start, the involvement of the private sector in curative health services has increased over the years. Private hospitals and clinics tend to be better equipped with state-of-the-art medical technology and diagnostic equipment due to, among others, import duty exemptions and Diaspora investment. The private sector has constructed most of the hospitals since the mid 1990's, with Addis Ababa accounting for about 80% of the private hospitals.

Despite the expansion of medical colleges within government universities and the establishment of several private medical colleges that train medical doctors, health officers, nurses and technicians, there is still a serious shortage of personnel. This is exacerbated by high brain drain caused by low remuneration, lack of opportunities for further education overseas and personal reasons. Additionally, private health institutions are in competition to attract and retain the best medical practitioners often resulting in high staff turnover.

Medical services are free from value added tax (VAT), but the cost of private medical attention is generally too high. However, the rise in the disposable income of the middle and high income groups is a key driver of the expansion of the private health sector. The higher income group generally patronizes private healthcare providers, while those in the low income group have to rely on government facilities, which are generally oversubscribed and face shortages of doctors, medical equipment and drugs.

Despite improvements in the level of medical services being provided by existing private hospitals and clinics, there is still a considerable un-catered for demand for specialized health services as shown by the travels the affluent make to countries such as Kenya, South Africa, Thailand and India for specialized treatment. There is also demand from the international community residing major cities, which is expected to further increase with globalization and Ethiopia's role as host of international organizations and tourist destination. This underlines the need to modernize the healthcare system to enhance the competitiveness of Ethiopian urban centres.

Source: (Berhan, 2008) and (Vilasini D. et al, 2010).

Based on the number of hospitals and population size, the population-hospital ratio is calculated to be 1:176,606, which is higher than Ministry of Health (MoH)'s standard of one primary hospital for 100,000 population ([Appendix 3.10](#)). In 2012, the national ratio was 1:674,568, about four times the ratio for the urban centres under study. This is because the ratio for the national level is computed based on both the rural and urban populations of the country. The population-hospital ratio, which was 1:790,654 in 1992, has declined to 1:674,568 in 2012 indicating that there was improvement in provision of additional hospitals. On a similar note, there were only 78 hospitals in 1992, which have increased to 125 by 2012. All the urban centres included in the study except Kombolcha and Semera have primary general hospitals. The residents of Kombolcha benefit from hospitals available in the nearby Dessie town, whereas those in Semera have to rely on a hospital in the adjoining Logia Town. The distribution of hospitals among the remaining urban centres is far from uniform as the population-hospital ratios vary from the lowest in Asossa (1:41,000) to the highest in Addis Ababa at 1:517,000. The hospital-population ratio revealed over-burden and shortage of primary hospitals in 10 of the urban centres especially the bigger ones. This becomes even more severe when the rural populations that depend on the urban centres are taken into account. During the next 23 years, about 214 additional general hospitals will be required at national level as per MoH's standard.

The population-physician ratio, which compares the number of physicians with the total size of the population they serve ([Appendix 3.11](#)), is found to be 1:3,769. This is better than the recommended standard (1:10,000) indicating the availability of adequate number of physicians in the urban areas. The national ratio stood at 1:10,747 in 2012, revealing that the situation in urban centres is better than the national level that also includes the rural population. However, given the fact that physicians in the urban centres also provide service to surrounding rural populations, the actual physician-population ratio might actually be higher. Although the population-physician ratios in the urban centres of the study are higher than the global average (1:769), they remain better compared to Africa (1:5000) but still reveal a large scope for improvement when compared with the ratios in other lower income countries (1:2500), lower middle income countries (1:1000 and Europe (1:313). According to data obtained from MOH, the population – physician ratio which was 1:48,829 in 1992 improved to 1:10,747 in 2012 due to an increase in the number of physicians from 1263 in 1992 to 7846 in 2012. The population-physician ratios for all the urban centres except Addis Ababa (1:10,243) and Gondar (1:12,044) are better than the recommended standard (1:10,000) indicating the availability of adequate number of physicians.

3.5 CONCLUSIONS AND KEY MESSAGES

The conclusions and key messages that are derived from the preceding discussions are outlined below under the various sections covered under Chapter 3.

Physical Infrastructure

City administrations should prioritize taking inventory of existing road networks: as mentioned in section 3.1., cities do not have systematic information on the stock and condition of intra urban roads. Cities should therefore prioritize the collection of such data, along with that of the general land use and the location of informal housing, using updated base maps they have recently obtained in connection with MUDHCo's land holding registration project.

City administrations should accord the requisite attention to the maintenance of existing road infrastructure, which is not less important than the need to build new roads: Cities

are making increasing investments on road and other types of infrastructure, but they are not giving adequate attention to their upkeep and regular maintenance. Yet, while the attention given to road maintenance remains very weak, maintenance operations are yet to be effective and efficient, resulting in reduced lifespan of the existing road infrastructure. Cities should therefore build workable asset management systems to inform their plans about new construction and maintenance of existing infrastructure.

Cities should integrate their urban planning and transport planning efforts: Although cities are building new roads, they are underutilized or overburdened because of lack of integration between urban planning and transport planning efforts. Traffic congestion is commonplace as most roads also serve as roadside parking including for big trucks and construction equipment. Moreover, there is a need to redesign roads so that they can cope with increasing traffic generated by public facilities such as schools, universities, churches and mosques built along main roads.

Cities should promote non-motorized transport (NMT) as an integral component of sustainable urban transport: As Ethiopian cities continue to experience demographic and economic growth, the provision of environmental-friendly transport options becomes imperative. Cities in general are encouraged to promote non-motorized transport (NMT), which would invariably require dovetailing urban planning and transport planning efforts. Given that walking is the main mode of transport in the majority of the urban centres, enhancement of pedestrian safety is an imperative infrastructure development consideration.

Cities need to explore alternative public transport modalities to address the mobility needs of their increasing populations: Cities should consider expanding their capacity to provide public transport services. The choice of public transport strategies to be adopted in a given city, however, would mainly depend upon the size of its population, its physical size and spatial form and topographic conditions. Commencing city-buses in those cities that offer scale economies would require enhancing the financial capacity of municipalities so that they can readily meet the costs of purchasing, operating and maintaining the buses. In either case, there would be a need to facilitate budgetary support to municipalities as they are required to provide subsidised transport services to the poorest sections of the society.

Cities should introduce more effective strategies towards the coordination of infrastructure provision: Given their mandates to manage roads, street lighting, water as well as drainage and sewerage networks, city administrations can play a pace-setting role by demonstrating that a coordinated provision of these services is desirable and possible; once a city succeeds in this, it would leverage its legitimacy to supervise other infrastructure providers. Success in this regard would also depend on the extent to which cities promote a culture of information sharing, which would encourage infrastructure providing entities to work collaboratively towards coordinated infrastructure delivery. Cities can also exercise their urban planning, building permit and land management related mandates in a manner that can influence and enhance proactive and coordinated infrastructure delivery. It would also be imperative to heighten on-going city-level efforts that pertain the regular updating of base maps, adoption of GIS-based cadastral systems and establishment of street address systems.

Basic Services

Cities should come up with strategic plans for expanding their water supply systems so that they can cater for the increasing demand for water from a variety of consumers: As the provision of urban water supply services is the mandate of city administrations, cities are confronted with the daunting challenge of mobilizing sufficient resources for the expansion of

their water supply systems. Cities are also required to promote a participatory approach to water development and management as it has far reaching socio-economic as well as environmental impact on the cities and their surroundings.

City administrations should be supported by the relevant regional bureaus to institute systems that would help them take concrete measures towards minimizing water losses:

The amount of losses in urban water supply systems is so big that it is compromising, among others, adopting cost recovery principles. City administrations should give adequate heed towards reducing water loss as it would have, apart from contributing to improving efficiency of existing water supply systems, far reaching implications on future expansions that would invariably rely on the existing distribution systems. There is also a scope for demand-side management through minimizing wastage from household, enterprise or institution level connections (e.g., use of water economizing faucets) as well as encouraging the re-use of waste water for backyard gardening and urban agriculture.

Cities should take concrete measures towards slum upgrading and informal settlement regularization as these would contribute to better public health outcomes:

The connection between water supply, sanitation and public health outcomes is well established. As the availability of water is more severe in unplanned parts of cities, upgrading and regularization measures would contribute to improvements in access to water, which are expected to lead to significant improvements in personal hygiene practices and environmental health outcomes.

Cities should promote the use of a wide range of information and communication technologies (ICT) to enhance their overall competitiveness:

The current use of ICT particularly mobile and smart phones seem to be confined to person-to-person communication. Cities use computers mainly in word processing, and to a certain extent in urban planning and land management related tasks. However, ICT can also be used to leverage the provision of urban services, local economic development and civic engagement on issues related to sustainable development. Cities should therefore promote the use of ICT given its role as a driver of a knowledge-based economy. On the other hand, cities can utilize ICT to enhance inclusive engagement with their citizens.

Cities should make concerted efforts towards switching to modern and renewable energy sources to enhance their capacity to meet the increasing demand for energy:

The energy demands from industries, residential units, public institutions, commercial establishments and other premises is on increase. Unless cities in Ethiopia adopt energy initiatives that safeguard the environment while meeting local needs, the economic benefits registered so far may be jeopardized. Expanding renewable energy projects (biogas, solar and wind) needs to be prioritized to minimize the use of traditional fuels.

Cities should promote the marketing of renewable energy technologies by embracing the need to provide all rounded support to private providers of such services:

A number of informal and formal enterprises are involved in the manufacturing and sale of low cost fuel saving technologies. Unless their efforts are encouraged through well targeted support programmes that will contribute to their production and sale at affordable prices, the adoption of renewable energy technologies at household level is likely to be hampered. Further support needs to be provided to private enterprises engaged in the production and sell of such technologies in the form of skill upgrading training and technology transfer within the context of MSE development program. On the other hand, as an energy saving culture is critical for the success of renewable energy initiatives, there is a need to promote public education programmes that will help create sufficient awareness about renewable energy technologies.

Such interventions are crucial as sustained engagement with potential consumers can translate into effective demand.

Waste Management Services

Cities should be assisted by higher levels of government to institutionalize ISWM systems that are stipulated in the various policy and strategy documents: The strategy documents prepared by MUDHCo constitute significant step towards supporting regions and ULGs to adopt ISWM systems. Thus, the federal and regional governments should make concerted to capacitate cities as the ultimate mandates of institutionalizing ISWMs rests on city administrations. This can include on the job training, short-term off the job training and experience sharing visits to cities with better experience in institutionalizing ISWM. MUDHCo can also spearhead the development of specialized courses in waste management to be offered in TVETs or universities to help professionalize the SWM sector.

Cities should adopt service standards, operational guidelines and monitoring and evaluation systems for the different waste streams: MUDHCo can establish a monitoring and evaluation system for various solid waste streams that include municipal, industrial, construction, medical and agricultural wastes in collaboration with the Ministry/regional bureaus of Environment and Forest Resources, Ministry/ regional bureaus of Health, regional governments, city administrations and other stakeholders. This may include developing standardized data collection formats that will feed into specific indicators that can be used among others to monitor progress in the adoption of ISWM systems.

ISWM strategies should be piloted and scaled up considering the different categories of cites and their specific conditions: This can facilitate horizontal learning among cities as well as to systematize monitoring and evaluation systems. The MUDHCo can take the lead in the categorization of cities for formulating appropriate packages for capacity building support.

Cities should be encouraged to keep data on their SWM related expenditures: Keeping proper record of such finance-related data would serve as a basis in defining strategies that will help cities reduce their expenditure though outsourcing or the polluter pays principle. Including intergovernmental transfers to cities earmarked for SWM is also in the interest of regional states as it contributes to public health, environmental protection and investment promotion.

MUDHCo in collaboration with regional governments should assist cities in institutionalizing solid waste generation and characterization studies: Most cities do not develop workable action plans for their SWM operations for lack of data on the volume and composition of waste they are dealing with. Conducting regular studies on waste generation and characterization would be imperative since waste generation is a dynamic process influenced by a number of factors including income levels, consumption patterns and adherence to ISWM principles. In view of the dynamic nature of the volume and composition of solid wastes to be generated as well as the need to promote ISWM systems, it is imperative to undertake solid waste related research and development. In particular, cities should be encouraged to document their ISWM initiatives and report, among others, on the proportion of reused/ recycled solid waste stream.

Cities should promote circular systems of waste management (ISWM systems) to contribute to environmental sustainability: Given that the volume and composition of solid waste is likely to change due to changing lifestyles of residents associated with urbanization, the need for more sustainable ways of waste management is inevitable. Cities should encourage households and MSEs to be involved in valorisation of solid waste (composting, recycling or

waste generation) that can be combined with urban agriculture and environmental conservation activities. Training should be organized to persons working in SWM so that they can acquire skills that enable them to exploit opportunities for waste recycling and reuse. Experience sharing among cities in sustainable waste management options also needs to be strengthened. Cities should recognize that improved planning and continuous investment in sustainable and ecologically sound SWM approaches is key to improved urban environments.

Cities should embark on pilot projects to promote the sorting, reuse and recycling of solid waste in condominium neighbourhoods to be gradually replicated elsewhere: multi-storey buildings have been constructed in most of the major cities under IHDP, while the private real estate sector is also building apartment buildings in cities like Addis Ababa. As good practices elsewhere show, the expansion of condominiums offers an opportunity for effective public education programs in introducing ISWM system. It would therefore be imperative to integrate ISWM in the design of apartment condominium buildings, to develop special regulations for the management of solid waste at condominium sites, and to establish systems to work with condominium dwellers associations on ISWM issues.

Cities should integrate capacity building measures as part and parcel of sanitary landfill projects to ensure that they will not degenerate into ordinary open dumps: It is critical for those cities that have already established landfill sites as well as those that would initiate land fill projects in the future, to build the relevant sanitary landfill management competencies and strengthen regulatory efforts. This should be complemented with appropriate capacity building interventions to promote efforts towards sorting and recycling of waste and hence to avoid the gradual conversion of sanitary landfills into open dumping sites.

City administrations should encourage the participation of the private sector in the provision of septic tank emptying service: As private operators prefer working in bigger urban centres, particularly serving wealthier communities who can afford to pay, city administrations should strengthen their capacity to continue playing a key role in reaching out to the majority urban poor to enhance affordability of the service. Given the opportunity it provides to exploit scale economies, neighbouring cities should join forces towards jointly financing and managing liquid waste management related equipment.

Cities must also move towards the concept of smart homes which involves sustainable methods of waste water treatment and re-use: Treated waste water can be used, among others, in activities such as urban agriculture, watering green spaces such as those in residences, public institutions, business organizations, municipal parks and gardens that lead to ecological cities. This can help in addressing the issue of water scarcity which is already a serious concern in cities such as Harar and Addis Ababa.

The Federal Government should embark on measures to introduce urban sewage networks in selected urban centres: The introduction of integrated sewerage networks in selected cities should be explored as part and parcel of a package of utility lines to be organized along roads networks, which can be replicated elsewhere after evaluating results to be obtained. Given that Ethiopia is urbanizing at a faster rate (5.4% per year), the continued use of septic tanks and pit latrines to manage liquid wastes is unsustainable.

Cities should promote rural-urban and urban linkages to protect surface and ground water resources from pollution and rehabilitate degraded ecosystems: As the experience of Hawassa demonstrated, promoting rural-urban linkages can mitigate pollution and natural resource degradation thereby enhances environmental sustainability. Cities can also join forces

to work together on developing joint infrastructure or acquire and manage important equipment such as waste collection trucks.

Social Services

Cities should maintain the momentum already gathered in the area of educational service provision to further contribute to social and economic development: Cities should expand the coverage as well as improve the quality of educational services. The low enrolment ratio in secondary schools could be addressed through construction of additional schools and provision of support to students from poor families, while efforts to provide public kindergarten education need further consolidation. Furthermore, there is a need to further strengthen the attention given by the government to the development of adult and non-formal education.

Cities as locations for higher order services should take measures to further promote the private sector's involvement in the provision of medical services: The provision of preventive and curative health services by government-run hospitals and health centres, and curative health services by private hospitals and clinics complement each other. Cities should provide land for the construction of new facilities, while they should also ensure adequate and reliable supply of utility services (water, electricity and ICT) as it is critical for the smooth operation of private medical facilities. Given the focus of the private sector on the high end of the market, cities should develop the capacity of government hospitals to better target the services they provide to the poorest sections of the society. Cities with the support of regional and Federal Governments should work towards expanding and modernizing the healthcare system in view of its contributions towards city competitiveness.

4 HOUSING PROVISION

4.0 OVERVIEW

Housing is one of the key facets of the process of urbanization in Ethiopia and hence this chapter is devoted to the state of housing in the 27 cities that are focused by this report. This chapter is organized in four major sub-themes: the first sub-theme examines the general physical condition of the existing housing stock; the second one discusses housing tenure and related issues; the unique characteristics of informality in the Ethiopian context are discussed in the third sub-theme; and the fourth sub-theme dwells on the apparent gap between the demand for and supply of housing along with the main features of the recent government strategy on housing provision and the issues of housing finance and affordability.

4.1 HOUSING CONDITION

Assessing the physical condition of existing housing units, which depends on the type of construction material used for walling, roofing and flooring, was essential for a comprehensive assessment of the quality of housing in urban centres covered by this report. The analysis is based on durability of materials used for walling, flooring, roofing and ceiling ([Appendix 4.1](#)). According to the results of the National Population and Housing Census Report conducted in 2007 (CSA, 2008), the walls of 70.8% of the housing units are wood plastered with mud. Walls constructed of more durable materials such as stone and bricks constituted 24.4% of the total. Although increase in the use of durable construction materials is observed since then, the results of the welfare monitoring survey conducted in 2011 show that the use of less durable traditional materials still constitutes the largest proportion (68.6%) of the housing stock (CSA, 2012). Almost all (93.5%) of the houses have corrugated iron sheet roofing. The use of more durable roofing materials such as concrete construction is extremely low, at 1.1% (CSA, 2008). The use of corrugated iron sheets for roofing appears to be increasing overtime as it is now used in 95.2% of the housing units (CSA, 2012).

On the other hand, over 57.7% of the existing housing units have earthen floors (CSA, 2008) and [Appendix 4.1](#). Floors constructed from cement, concrete tiles and marble are found in less than half of the housing units (40%). The proportion of units with earthen floors dropped to 49%, indicating a gradual improvement (CSA, 2012). However, in both cases, over 50% of the housing units can be categorised as sub-standard. A house with earthen flooring releases a mixture of dust particles, which is known to be a major cause of respiratory complications such as asthma. Despite city-level differences, the proportion of housing units without ceiling is significantly high but shows a decreasing trend from (52%) in 2007 to 35% in 2011. In this regard, most of the housing units in the study towns are sub-standard as the proportion of housing units without ceiling ranges between 40% to over 85%.

Housing conditions depend on the construction technology used, age of housing and efforts towards their maintenance as well as building regulations. Current building regulations promote the use of modern construction technologies such as the use of hollow concrete blocks, while they tacitly discourage previously widespread traditional housing construction technologies such as *Chicka* and bamboo construction. This also discourages households from undertaking the maintenance of their houses as the import content of modern housing

construction technologies is generally high due to imported construction materials such as steel bars as well as electrical and sanitary appliances, which translates to high construction costs. This underlines the need to promote research and development on indigenous construction technology that can be taken up as strategic intervention by MUDHCo.

4.2 TENURE ANALYSIS

Tenure refers to the arrangements under which a household occupies living quarters. A housing unit is said to be owner-occupied, if the occupant household owns it and it is free from rent. Similarly, a housing unit is considered rented if the household living in it pays rent to a private individual, a *Kebele* office, the Agency for the Administration of Rental Houses (AARH), or any other organization (CSA, 2008).

The analysis on the tenure status of housing units is done based on the 2007 Population and Housing Census Report and the 2011 Welfare Monitoring Survey, both conducted by the CSA ([Appendix 4.2](#) and [Appendix 4.3](#)). In 2007, private rental was the major means of obtaining residential accommodation in 26 of the 27 cities for which data is available, accounting for 11.2% to 60.9% of the housing units (CSA 2008). Owner occupancy was the second major tenure arrangement. The above indicates the dominant role the private sector currently playing in housing supply.

Based on 2011 data provided by the CSA on fourteen of the SECR cities, rental tenure was the major modality of housing provision, covering between 37.8% and 66.5% of households. Thus, private rental arrangement is prevalent in most cities and its share is on the increase. Given the prevalence range of 11.2 to 60.9% in 2007 and 37.7 to 66.5% for 2011, it seems the era of public rental housing is getting superseded by the era of private rental housing. A development worth noting is the decrease in public rental housing stock, which is associated with the demolition of *Kebele* units in old parts of cities such as Addis Ababa, as well as many of the regional capitals and other major urban centres targeted for redevelopment.

The concept of tenure discussed above utilizing data obtained from CSA is confined to who owns a housing unit and/or how do residents access their housing. Tenure *per se* is different from the concept of tenure security, which has a wider meaning that affects community stability and social capital, access to infrastructure and social services, capacity to offer a privately-owned housing as collateral and decisions about improvements to be made on housing units as well as neighbourhood level infrastructure. As is the case in the other urban centres of the country, the cities covered by this report depict the following general characteristics regarding housing tenure security.

Dwellers of units rented from *Kebeles* can generally take the rental arrangement secured in so far as they regularly pay the monthly rent to the local administration. Yet, public housing rent levels have remained frozen since the nationalization of the houses in the mid 1970s, and this has constrained the capacity of city administrations to generate adequate resources to be used to maintain *Kebele* houses and thus contributing to the dire physical situation in the public rental housing stock and dwellers' limited access to basic housing facilities. Moreover, residents of *Kebele* housing may be insecure about their continued rental tenure in view of the imminent targeting of *Kebele* houses for redevelopment.

Notwithstanding the experience of getting rental contracts registered in the Documents Authentication and Certification Office associated with obligations to pay rental income tax, those who rent housing from private landlords are generally insecure about monthly rent levels

and upfront payments as well as renewal of their contracts. This is generally at the mercy of landlords than renters whose negotiating position is generally weak. For tenants, arbitrary increases in rent levels often force them to make frequent changes in their accommodation invariably affecting their access to transport and basic social services (e.g., education for their children) as well as their participation in CBOs such as *Idir* as well as civic affairs.

Even in case of owner-occupied housing, tenure security is at stake if owners do not have title deeds. A specific concern refers to the procedure of valuing properties for compensation when a land holding is needed for public purposes. This is to be done by municipalities as per the expropriation and compensation proclamation (FDRE, 2005b) that is confined to the replacement cost of properties despite their locational value. According to this proclamation, city administrations – or appropriate higher level of regional or Federal Government organs – are given the power to expropriate an urban land holding when they deem that it should be used for a better development project to be carried out by public entities, private investors, cooperative societies or other organs. The broad definition of what constitutes “public purpose” shows the rather tricky relationship between housing tenure security and public ownership of land. Moreover, cities are yet to come up with transparent procedures for valuing property.

The security of tenure of informal settlers is perhaps the most intricate due to delays in regularization and getting title deeds and hence the risk of demolition as well as limited access to basic infrastructure such as access roads, water and electricity. The absence of title deeds in both formally constructed and informally built housing deters households from making investments to improve their housing and pledging it as collateral to get access to credit for business start-up and expansion or any other reason.

4.3 INFORMAL HOUSING

Informal housing is increasingly becoming an important component of housing provision in major urban centres. Most of this takes place in areas already reserved for residential development and public spaces as well as peri-urban locations that belong to the future urban expansion areas. In cities like Addis Ababa characterized by severe shortage of land, informal houses are also constructed in riverside locations and hilly areas not planned for residential development. The problem has its roots in the failure of cities to provide sufficient number of residential plots and their weak capacity to enforce building control regulations, although the problem is further exacerbated by the speculative tendencies on the part of peri-urban farmers, *Delalas* (brokers), informal real estate developers and corrupt bureaucrats and administrators.

Ethiopian urban centres present an interesting difference from many other developing countries where housing is characterized by a clear correlation between “illegality” and “informality”. For instance, in Addis Ababa and other urban centres, there is a large segment of informal settlements that are “illegal”, but not all these illegal houses are substandard. A large percentage of these houses are well designed and serviced (World Bank, 2004). Interestingly, many “legal” settlements in all urban centres such as those managed by local governments through *Kebeles* constitute “informal” or slum housing, as they are located in unplanned neighbourhoods and seriously deficient in terms of basic services.

The current state of housing reflects various approaches to housing provision and management by different governments over the years. For instance, all government administered rental accommodation, i.e., rental houses administered by the Agency for the AARH and *Kebele* houses were privately owned before being nationalized by the *Dergue* regime (Proclamation No. 47/1975). On the other hand, housing construction by private real estate developers after the change of government in 1991 signifies a paradigm shift in land and housing policy.

Table 4-1 Housing Matrix - Legality Versus Building Standard

		Conformity with Building Standards	
		Yes	No
Legality (Land Tenure)	Yes	1. Formal Sector Housing <ul style="list-style-type: none"> • Private developers • Government /condominium • Private cooperatives • Private individuals • Rental housing (AARH, Government.) 	2. Kebele-owned Rental Housing
	No	3. “Illegal” Housing (Organized)	4. Slums (Disorganized Illegal Housing)

Source: (World Bank, 2004).

Based on legality or land tenure, the housing stock can be divided into two broad groups, formal (1 and 2) and informal/illegal (3 and 4). On the other hand, the classification on the basis of conformity with building standards indicates two sub-types. This includes organized formal and informal sector housing (1 and 3) which conform to building standards and haphazard *Kebele*-owned (legal) rental housing and slums (illegal) that do not meet building standards (2 and 4). The housing condition reveals the extent of compliance of the existing housing units found in the study towns with UN-Habitat Agenda Goal1, which proclaims the right to adequate housing.

Focusing on units constructed on land not distributed by city administrations, according to the information obtained from the towns covered by the study, informal housing units constitute a considerable proportion (30%) of the total housing supply. Their number, estimated at 137,756 in 2013 is reckoned to have resulted in significant loss of public land ([Appendix 4.4](#)). The number of informal houses and amount of urban land illegally occupied from 2011 to 2013 signifies the failure of urban centres to formally respond to the residential land demand of their residents in a timely and affordable fashion as well as to enforce urban planning and land development regulations. This state of affairs necessitates taking appropriate measures towards their regularization, discussed in more detail in the chapter on urban planning and land management, which has to be handled within the context of proactive planning, development and management of land.

4.4 HOUSING DEMAND AND HOUSING SUPPLY

It should be mentioned from the outset that the state of data on urban housing in Ethiopia is perhaps one of the key missing links in the housing policy landscape (Box 4.1). Although housing is the major focus of the national censuses being conducted by CSA, the recent one being the one in 2007, housing data seems to get outdated soon given the dynamics of the housing sector. It is difficult to come by comprehensive data on housing demand and supply at national or city level, which has its roots in the near policy neglect of the housing sector. Until recently, the state of housing related data kept by city administrations was compromised by the lack of clear housing policies.

Most cities do not have up-to-date information on the public housing stock they currently administer, and the AACAA has recently finalized preparations to commission a study aimed at taking inventory of *Kebele* housing. Tenants make unauthorized modifications on public housing units sometimes to sublet them, while this is not systematically recorded. City administrations, across the board, do not have organized data on the number of residential plots they have allocated over the years to individual families and/or cooperatives. Although many city administrations have embarked on collecting rental income taxes from private landlords, they do not have comprehensive information on the privately rented housing stock. They also do not have comprehensive information on the stock of informal housing in their administrative jurisdictions, which may be understandable given their spontaneous development. Moreover, in view of the fact that most cities do not have up-to-date base maps, or do not take regular inventory of their land use, a functional LIS could have facilitated easy access to housing related information. The only housing related data that seems to be shared among different levels of government is on condominium units constructed and distributed in the major cities as part of the IHDP. On a related issue, although city administrations facilitate access to land for real estate developers, they do not follow-up on the implementation of real estate projects and their actual contribution to the cities' housing stock. At one point, the AACAA had to take *ad-hoc* measures against some real estate companies in connection with the widespread speculation in land and landed property, which was compromising housing delivery in the city.

Source: (MUDHCo, 2013b), ("A Census of Kebele Houses "2014) and ("Real Estate to Gain," 2013)

4.4.1 HOUSING DEMAND

As mentioned in Box 4.1, the discussion on housing demand is constrained by the challenges of acquiring up-to-date and reliable data. Accordingly, this section provides some information on the extent of overcrowding based on the result of the last census conducted in 2007 as well as on the number of persons registered for public rental housing, condominium housing and residential land using information provided by city administrations.

Overcrowding as an Indicator of Housing Shortage

The imbalance between the demand for, and, supply of housing has had negative effects on housing occupancy, especially in terms of overcrowding. In this study, two variables were used to measure overcrowding: number of persons sharing one room and number of single roomed units. As the housing-related data obtained from city administrations does not include information on the number of rooms, the results of the 2007 census are used to assess crowding. Accordingly, 44.9% of the units in the urban centres included in the study are single roomed. Compared to the average number of persons per housing unit (3.8), over 44% of the housing units are of slum quality since they are occupied by more than three persons ([Appendix 4.5](#)). The percentage of single roomed houses ranges from the lowest in Dilla (32%) to the highest in Gambela (64%). Considering the fact that reduced space per person is associated with certain categories of diseases such as asthma and tuberculosis (UN-Habitat, 2003), a considerable portion of the residents in the urban centres covered by this study can be considered to be facing serious health risks.

Registration for Land or Public Rental as Proxy Indicators for Housing Demand

Determining effective demand for housing is rendered difficult by the absence of reliable data on the income levels and expenditure patterns of households, their savings capacity and prioritization of housing *vis-à-vis* other forms of investment. The level of effective housing demand is also linked to the availability of housing finance (Box 4.2). As a result, information collected from cities on the number of persons registered for *Kebele* rental housing,

condominium housing and residential plots is used as proxy indicator for the demand for housing, notwithstanding the absence of regular updating of such data.

BOX 4-2 HOUSING FINANCE- A MISSING LINK IN ENHANCING AFFORDABILITY OF HOUSING

Affordable housing exists where there is effective demand, which can be leveraged through housing finance. The major obstacle to securing affordable housing for low income Ethiopians residing in urban areas has been difficulties in accessing housing finance. Following the market-led policies implemented in the post-1991 period, subsidized interest rates on mortgages were removed and this significantly increased lending rates. Moreover, banks introduced stringent collateral requirements that require proof of regular income as well as equity financing that is equivalent to 30% of the total construction cost. An important factor worth considering in this regard is the predominance of informal employment in urban areas - characterized by generally low and irregular streams of income - which excludes many households from being eligible for bank loans. The consequence was that in most urban centers, housing finance has been pushed beyond the reach of the majority of housing seekers. The other major challenge is lack of diversity in the sources of housing financing systems given the dominance of a single institution, the Construction and Business Bank, the only bank with a mandate to offer housing construction mortgages, but which has recently diversified its loan portfolio in favor of commercial and other non-housing loans.

Source: (UN-Habitat, 2010).

Based on the information provided by the 27 city administrations, Addis Ababa has the highest housing demand ratio of 361 per 1,000 population ([Appendix 4.6](#)). Being the capital of the country, Addis Ababa attracts a lot of migrants, which understandably results in relatively higher demand for housing and housing services. The second highest ratio is found in Semera (277 per 1,000), a city recently established to serve as the capital of the Afar Regional State, which can be considered to reflect the pull factors associated with its administrative status. Bahir Dar, the regional capital and the major economic hub of the Amhara National Regional State, which naturally attracts a large number of migrants that translates into higher demand for housing, has the third highest ratio of 272.4 per 1,000 population. Higher figures are also reported for other cities like Bishoftu, Adama, Dire Dawa, Shire Endaselassie, Jimma and Hosanna. The reasons that trigger higher housing demand in these cities include their favourable locations along major transport and trade routes as well as their status as zonal administrative centres. In addition, the current poor quality of urban housing, which in the main refers to the public rental housing stock, represents additional demand for affordable housing. This is important in view of the fact that *Kebele* houses are a major part of the existing housing stock that is targeted for demolition in connection with on-going and planned redevelopment interventions in the older parts of many of the major urban centres.

4.4.2 HOUSING SUPPLY

Based on information obtained from the 27 city administrations, between 2007/08 – 2013/14, different formal and informal actors contributed towards augmenting the total urban housing stock by 455,473 units. Notwithstanding the data related context described in Box 5.1, the government is the leading provider as reflected in the number (232, 915) and proportion of condominiums units it constructed, accounting for 51.1% of the total (Table 4.2). Individual housing construction contributed the second largest number of housing units (22.2%), while municipalities (outside the context of IHDP) and real estate developers contributed the lowest percentages of 0.5 and 0.4%, respectively. It should also be noted that the data in the table does not, for example, provide information on the number of units rented by private owners.

This is also understandable as the provision of plots for the construction of villa-type housing to individual families and cooperatives has been temporarily suspended, particularly in those towns that were implementing the IHDP, which was considered to offer opportunities for more intensive use of land. In the meantime, the government has been developing better implementation modalities for the lease policy as well as legal frameworks for establishing land management information systems as part of the national land and property registration project. The latter refers to the Urban Land Holding Registration Proclamation No. 818/2014 (FDRE, 2014), which is discussed in the urban planning and land management chapter.

Table 4-2 Distribution of Housing Units Supplied During 2007/08-2013/14 in the 27 SECR Cities

Type	Units	Percentage
1. Formal Units		
Individual	70,559	15.5
Cooperatives	11,487	2.5
Private Real Estate	1,363	0.3
Municipality	1,393	0.3
Condominium	232,915	51.1
Total Formal Units	317,717	69.8
2. Informal Units		
Total Informal Units	137,756	30.2
Grand Total	455,473	100.0

Source: SECR Field Survey, 2014.

Condominium Housing under IHDP

The IHDP has been implemented in the major urban centres with multiple objectives, namely increasing the urban housing stock; upgrading dilapidated neighbourhoods; achieving economic use of land; improving the image of cities (Plates 4.1 and 4.2); generating employment for the youth and women by encouraging their involvement in SMEs engaged in construction, wood and metal works and that supply different inputs to the construction of condominium apartments; empowering the youth and women by providing them better access to jobs and housing; promoting private and national saving; building the asset base of individual families by making them home owners; promoting low cost housing construction technologies; and contributing towards developing a modern construction sector. Thus the project intends to contribute towards alleviating poverty and meeting the Millennium Development Goals (MDGs), namely Goal 1 that refers to alleviating chronic poverty through improved access to basic facilities (such as shelter, water and sanitation) and Goal 7, Target 11 that refers to improving the lives of slum dwellers by improving their access to housing as well as creating opportunities for their engagement in economic activities.

Addis Ababa was the first to implement a large-scale housing development program since 2003, which was later scaled up as national program (IHDP) in 2006 when the Commercial Bank of Ethiopia (CBE) started to make available construction finance to regional governments that were given authorization to sell bonds to the bank (Box 4.4.). Nationwide, condominium housing projects were implemented in all regions except the four emerging regions, which were not in a position to mobilize construction finance by selling bonds to CBE. The national program was implemented in a total of 36 towns in 2006/7, while the number of cities covered by the project was increased to 56 in 2007/8. The IHDP is implemented in all cities covered in the SECR, with the exception of Assosa, Gambela, Jigjiga and Semera.¹⁴

¹⁴These four cities have some experience in constructing low cost residential houses using funds allocated by city administrations and/or regional governments, although they generally focus on meeting the demand for residential housing by civil servants and political appointees.

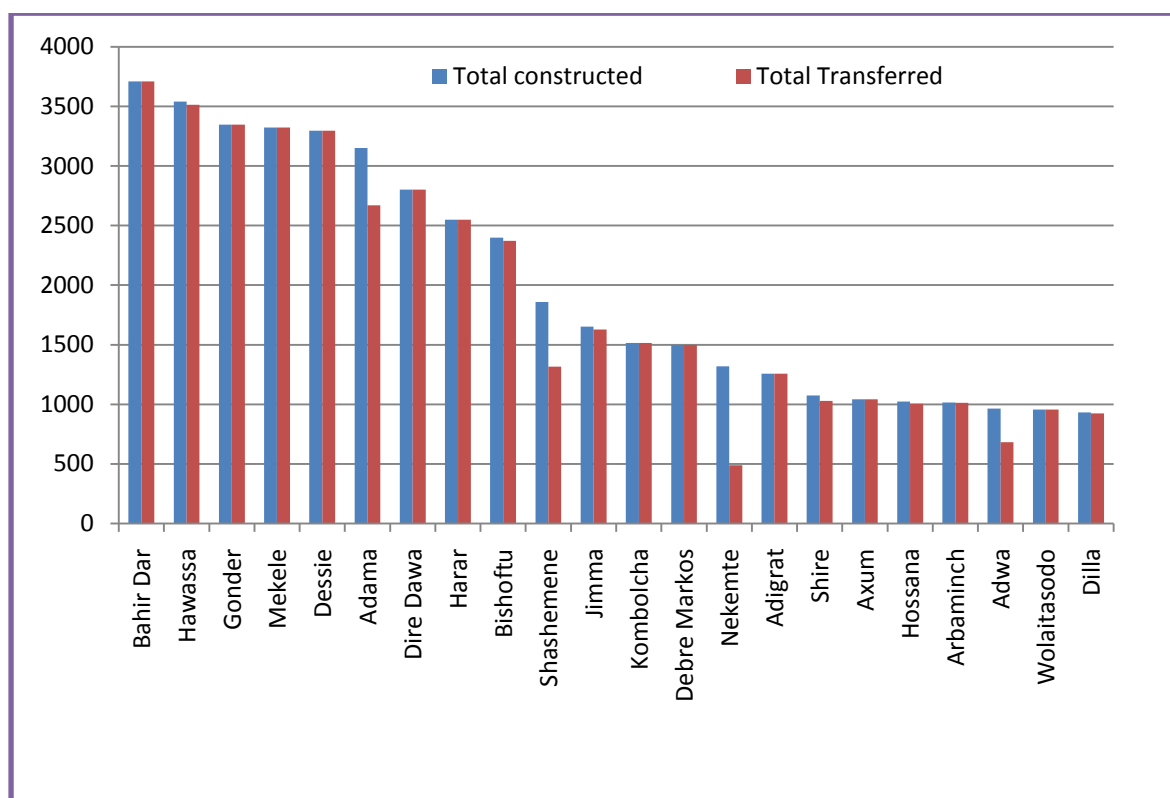


PLATE 4-1 ERIBEKENTU, A TYPICAL OLD RESIDENTIAL NEIGHBORHOOD TARGETED FOR REDEVELOPMENT IN ADDIS ABABA.



PLATE 4-2 THE JEMMO SITE IN ADDIS ABABA WHERE LARGE NUMBERS OF CONDOMINIUMS HAD BEEN BUILT UNDER IHDP.

FIGURE 4-1 CONDOMINIUMS BUILT (2006/7-2007/8) AND DISTRIBUTED (BY JULY 2014) IN 22 SECR CITIES



Source: (MUDHCo, 2014).

NB: BR (bed room) and CU (commercial unit).

According to information obtained from MUDHCo, the Addis Ababa City Administration has managed to transfer a total of 143, 487 units via 10 rounds of lottery draws until March 2015, without including those under construction. The implementation of the IHDP in Addis Ababa is still in full swing given the big demand for housing. On the other hand, as depicted in Figure 4.1, by June 2014, the Amhara and Harari national regional states as well as the Dire Dawa City Administration have managed to transfer all of the condominium units (some of which are partially completed) under different modalities including selling them to universities, government offices and business entities. At the time of writing, Oromia and Tigray national regional states still have significant number of condominium units to be transferred, although there are also a few number of condominium units to be transferred in SNNPR. When seen in terms of the proportion of units yet to be transferred, the problem is more severe in Nekemte (63%), Shashemane (30%), Adwa (29.4%) and Adama (15%).

Despite the efforts made by the various regions to scale-up the IHDP, finalizing and transferring the housing units to beneficiaries took quite longer period. According to assessments made by MUDHCo in 2015, some of the families that won the condominium lotteries could not readily take the units for they found their cost to be unaffordable. Moreover, some could not raise additional finance to complete the finishing work¹⁵, while some households with large families could not readily take the studio units because of their small size. Other reasons for slow uptake include inappropriate location of the condominium

¹⁵ Significant reduction in the cost of implementing the IHDP was achieved by the government as a result of the construction technology used (e.g., tie beams) as well as the level of internal finishes that include the absence of floor tiles, wall plastering and painting, while some families also wanted to fit better quality doors and windows.

buildings with respect to administrative and social services such as schools and health facilities, market places, absence of access roads and difficulty to connect water/electric power to the units and poor quality of sanitary and electrical installations.

In case of Addis Ababa, given the big still unmet demand for housing, all of the finalized condominium units are transferred to beneficiaries identified through a lottery system. A specific problem refers to the limited attention given to in situ resettlement as well as public participation in inner-city redevelopment interventions such as those already implemented in the pilot project in Lideta and those that are planned to be undertaken in other sites (Box 4.3).

Beneficiaries and Targeting Under IHDP

The IHDP has been implemented with a laudable aim of making the low income group homeowners. However, many in this group have been encountering challenges to fully benefit from the scheme because they cannot afford the mortgage requirements (Box 4.4).

In addition, many poor families might not have registered in the first place even though there were no upfront payment or deposit requirements during the first round of registration for condominium housing. Notwithstanding the IHDP's contribution towards increasing the urban housing stock, most of the actual beneficiaries have been better-off families who could readily pay down-payments or the full selling price of the condominium units. This situation coupled with informal transactions in condominium units has resulted in most of the units being converted to rental units instead of being occupied by their (original) owners. Moreover, the programme faces specific gender related affordability challenges. While gender inclusion is catered for through the special provision for female-headed households, which is addressed through the 30% lottery allocation policy, the reality is that this affirmative action policy is being undermined by higher poverty levels among female-headed households who have limited formal education or employment thereby worsening their exclusion.

Four types of housing units are constructed as part of the IHDP: studio; 1 bedroom (BR); 2 BR and 3 BR units. All units have separate kitchens, while common facilities are arranged for group of condominium buildings, which include laundry rooms, traditional kitchens, livestock slaughtering grounds and car parking spaces. The government provides the highest subsidy on the smallest unit (studio house), which is based on the assumption that studio units will be taken up by the poorest, while those units with larger number of BR will be taken by households with better financial capacity or affordability.

As space requirement is generally a function of household size, the type of housing units households would indicate as their preference when they register for the condominium program seem to reflect their family size rather than their incomes. Households may also consider the selling price of the units – larger units generally fetch better process and hence profit. As the recent rounds of registration for condominium housing in Addis Ababa showed, the majority of households are registered for 2BR and 3BR units (WUB Consult, 2014). This suggests that city administrations might come up with a variety of typologies that considers the income as well as family size of households.

BOX 4-3 RECENT INNER CITY REDEVELOPMENT PRACTICES IN ADDIS ABABA

Although some previous small-scale upgrading initiatives supported by NGOs had been undertaken in different parts of Addis Ababa, the first large-scale redevelopment intervention in the city was associated with the construction of Sheraton Addis project – now part of Starwoods Luxury Hotels Collection - that commenced in the mid-1980s. To get access to a spacious prime land in the CBD, the private developer constructed and handed over houses for more than 700 households that had to be relocated. The second significant inner-city redevelopment initiative was the Cassanchis project, which covered a total area of 150 ha of land located around the United Nations Economic Commission for Africa (UN-ECA). Executed as part of the 2001-2010 long term development plan of the city, its aim was creating a city center of international character that would encompass high class hotels, commercial buildings and apartments. These two inner-city redevelopment processes were in the main private investment-driven and technocratic, which took place with little involvement of the affected communities as they were centered on clearing the sites and relocating residents to the expansion areas. The relocatees generally enjoyed better housing condition in their new location, but their livelihoods, participation in social networks and access to social services were negatively affected. These redevelopment schemes were implemented at a time when there was no explicit policy on urban redevelopment.

The National Urban Development Policy (FDRE, 2005), further elaborated in the recently issued “strategic framework for urban housing provision” (MUDHCo, 2013b), represents a new departure as regards redevelopment. The policy’s overall objectives, as far as redevelopment is concerned, include improving the living condition of residents, ensuring adequate supply of land for residential and commercial purposes and improving the image of the city. It emphasizes that redevelopment of inner-city slum neighborhoods should be undertaken giving particular heed to the construction of low-cost housing. The policy also prescribes engagement with the affected group in the planning and implementation of redevelopment projects. It also promotes onsite resettlement of residents either on low cost houses to be built by the government or housing cooperatives to be organized by residents themselves. Since the issuance of the NUDP, the Addis Ababa City Administration has embarked on a massive urban redevelopment program. According to information obtained from the Addis Ababa City Land Development and Urban Renewal Agency, as part of its 2008-13 Five Year Strategic Plan, the city has planned to implement 14 new major redevelopment projects on close to 280 ha of land, of which about 255 ha is currently under implementation including the Lideta site which is implemented as the first pilot re-development project. All of these redevelopment projects are coordinated by the Land Development and Urban Renewal Agency of the city administration and actually implemented by the respective sub-cities.

The Lideta redevelopment project site covers 26 hectares and it was developed with the following distribution: multi-storey condominium housing under IHDP as its major component (8ha), roads and public green areas (8ha), office and commercial buildings being constructed by private businessmen who obtained land under lease arrangement (5 ha), social services (2ha) and previous governmental, commercial and other land holdings retained as part of the scheme (2ha.). The sub-city administration organized series of meetings with the residents to publicize and reach consensus about the redevelopment scheme, its city-wide development impact and the alternative housing arrangements facilitated by the city administration, which was based on socio-economic data and information provided by residents. A total 1,442 units comprising 1,112 residential and 330 commercial premises were demolished when the site was cleared for redevelopment. This included 997 *Kebele*, 132 privately-owned and 40 rental housing administration (RHA) houses. There were also 330 *Kebele* business premises. Households (HH) residing in *Kebele* units were given the option of buying condominium units in other parts of the city or obtain *Kebele* houses in other *Kebeles*; HHs residing in houses rented from HRA were given the option of buying condominium units in other part of the city; and HHs who had their own housing were paid compensation and offered the choice of either getting residential plots or buying condominium units in other parts of the city. In addition, 134 HHs who were living in informally rented *Kebele* and privately owned units were given a chance to buy condominiums or obtain *Kebele houses in another location*. On the other hand, those who were undertaking business activities in *Kebele* units were encouraged to form cooperatives and mobilize the upfront payment and given the chance to get access to commercial land on a lease arrangement, whilst a total of 53 G+7 and G+12 condominium buildings with a total of 1,859 condominium units were constructed and distributed to city residents through lottery system (Plates 4.3 and 4.4).

Although the pilot redevelopment scheme was implemented within the context of the national urban development policy NUDP, the focus given to public participation and on-site resettlement has a lot to be desired as evidenced by the resettlement of the huge majority of the residents and businesses to other areas. The process has taken similar course in those remaining redevelopment sites, which are already cleared after the former dwellers were in the main moved into condominiums built in different parts of the city or re-assigned to alternative *Kebele* houses, notwithstanding the presence of previous owner occupiers who received compensation payments and residential plots. These recent re-development related experiences of Addis Ababa, although public-sector driven, still underline the need to create sufficient capacity to implement in-situ redevelopment as promoted by the NUDP, which are in line with the state-of-the-art approaches and require mastering participatory and consensus-based approaches that also embrace forging strategic partnerships with the private sector.

Sources: (Elias Yitbarek, 2008), (Gebre Yintiso, 2008), (FDRE, 2005), MUDHCo (2013b) and (WUB Consult, 2014).



PLATE 4-3 NEW BUILDINGS CONSTRUCTED IN THE LIDETA PILOT REDEVELOPMENT SITE IN ADDIS ABABA.



PLATE 4-4 FORMAL GREEN SPACE RESERVED IN ONE OF THE NEWLY ESTABLISHED CONDOMINIUM NEIGHBORHOODS IN LIDETA.

BOX 4-4 CONSTRUCTION FINANCE FOR CONDOMINIUM APARTMENTS UNDER IHDP

In the context of the IHDP, construction finance and mortgage finance are different: the finance required for constructing condominium buildings was to be mobilized by the regional governments/city administrations implementing the programme. The government was also subsidizing the housing programme in different ways including making land arrangements for the construction of condominium buildings for free, extending infrastructure such as access roads and main lines for water and electricity services to the condominium sites and covering the costs related to the development of the housing programme and supervising its implementation.

The IHDP, which was implemented in several urban centres in the country, entailed huge financial outlays to cover the cost of constructing the condominium houses. Moreover, although a logical response to the perceived big housing backlog at the national level, the programme also emphasized broader social and environmental and macroeconomic goals including mobilization of household savings. The design of the housing projects implemented in the various regions and cities targeted for the implementation of the housing programme were not based on city level financial and economic feasibility studies.

Given the huge financial requirements of implementing the IHDP, the then Ministry of Works and Urban Development (MWUD) had to arrange series of negotiations involving the NBE, the Ministry of Finance and Economic Development (MoFED), the Commercial Bank of Ethiopia (CBE), regional governments and the chartered cities of Addis Ababa and Dire Dawa to facilitate access to construction financing. According to the negotiated arrangements, regional governments as well as the two chartered cities where the housing programme would be implemented were permitted to sell bonds to CBE to raise the finance required to construct condominium houses. In case a regional government defaults in repaying the money upon the maturity of the bond, MOFED would repay the loan as guarantor for the loan arrangement.

Mortgage financing, which is different from construction finance discussed above, comes into the picture once the beneficiaries of the condominium units that are readied for distribution are identified. Possibilities exist for such finance to be obtained from household savings or other informal sources of finance (gifts or loans from friends and relatives), but the majority of the beneficiaries would look for long term finance from banks. Such mortgage finance was arranged by CBE for families that pay upfront down-payments amounting to 10-20% of the transfer price of the units. The bank would seize individual condominium units as collateral, while households will be given up to 10 years to make full repayment of the loan.

This arrangement worked very well in Addis Ababa and other relatively big towns where the demand for housing was higher compared to the amount of units constructed. Even though there were units ready for distribution and the CBE was ready to arrange mortgage loans, the actual demand for condominium units was depressed in some towns due to factors such as the preference of families for other typologies (e.g., villa type housing with separate compound), the price of units that many perceived as too high compared to those to be constructed using local construction materials and technology, or the location of the units far from basic social and economic services.

Those city administrations with depressed effective demand for the already constructed condominium housing units, however, had to find ways of disposing of them (e.g., transferring units to government universities) as per government directive. Moreover, as stipulated in the recently issued housing supply policy and strategy document, the arrangement for construction finance that allowed regions to sell bonds to obtain construction finance to implement the IHDP is suspended except in case of Addis Ababa. In other regions including the Dire Dawa City Administration, such arrangements may only be permitted on a case by case basis and based on rigorous housing demand analysis.

Source: (UN-Habitat, 2010), MUDHCo (2013b).

On the other hand, subsidies under IHDP comprised imputed cost of land allocated for the construction of condominium buildings and additional common facilities as well as off-site infrastructure development and project administration related expenditures incurred by the city administration, which should be properly recorded. The Government also made an exemption of Value Added Tax (VAT) on import of all building materials and machinery for use by the IHDP. Additional support to be provided to beneficiaries of studio-houses to be selected through a lottery-based system include flexibility in the amount of upfront payments, length of the grace period for commencing mortgage payments and duration of re-payment.

The MUDHCo has now come up with more diverse modalities commonly known as 10:90, 20:80 and 40:60 schemes, stipulated in a strategic framework for urban housing provision (MUDHCo, 2013b). These modalities refer to the initial amount of savings households are expected to make to be eligible to get condominium units through a lottery arrangement and seem to target the low, medium and high income groups, respectively. The 40:60 scheme being experimented in Addis Ababa for replication in other cities is envisaged to be implemented as part and parcel of inner city redevelopment programs. The strategic framework also provides for revitalization of the cooperative schemes for those individuals who want to construct their housing units using their own finance.

Although there are no restrictions to renting out the condominium units, there are legal restrictions stipulated by city administrations that bar owners from selling them before five years of their acquisition even if they might liquidate the mortgage. The majority of the condominium units are rented to middle and/or high income households enabling their owners to earn incomes that supplement their livelihoods and/or pay their mortgages. This coupled with the frequent turnover of tenants and the fact that the unit owners are, effectively, absentee landlords, complicates the management of common units. Moreover, neighbourhood security is a big concern for “Condominium Owners Associations” that also deal with issues related to the maintenance of utility networks, management of solid waste and the use of communal facilities (laundries, traditional kitchens, slaughtering grounds and communal car parks).

Real Estate Housing

The National Urban Development Policy (FDRE, 2005) emphasizes the role the private real estate development sector can play in providing housing for the high income group under the framework of free market principles. The private real estate housing sector is concentrated in Addis Ababa and other major cities such as Dire Dawa, Adama, Bahir Dar, Hawassa and Mekelle but, there is also a burgeoning real estate development sector in cities of Oromia region found within 50km radius of Addis Ababa (Legetafo, Burayu, Sululta and Sebeta). This is also related to the presence of concentrated demand in these areas that belong to the higher-end of the housing market. The private real estate sector has managed to construct a considerable amount of houses, contributing to the physical transformation of cities such as Addis Ababa, although data on the total number of housing units is not readily available.

City administrations have been encouraging the establishment of real estate companies by way of allocating large tracts of land at generally low lease prices set by negotiation as a gesture of promoting private sector participation. Yet, the pace of implementation of real estate projects has been generally slow, and this has been a cause of contention between city administrations and real estate companies (Box 4.5). Real estate companies complain about the unavailability of road infrastructure and utilities such as water and electricity as well as shortage of housing finance and construction materials, whereas city administrations perceive speculative tendencies on the part of real estate investors to unscrupulously benefit from the rise of land

and property values. There were times when the Addis Ababa City Administration had to repossession part of the idle land already in the hands of real estate companies.

BOX 4-5 UNIQUE FEATURES OF THE REAL ESTATE HOUSING SECTOR IN ETHIOPIA

Amidst a general shortage of mortgage finance, housing finance in the Ethiopian real estate sector has perhaps a unique feature. A considerable share of real estate development is self-financed as customers pay initial down-payment once the real estate companies show them the plot on which their units would be constructed. The potential home buyers will enter contractual commitments to pay the remaining amount to be timed with the rate of completion of the housing units and based on estimates of construction costs. Most of the customers belong to the Diaspora community who can afford to make such payments and are willing to “delegate” the companies to construct the houses on their behalf. The financial arrangements would tempt one to consider the real estate companies as construction contractor-cum-brokers. As reiterated in current MUDHCo's land management and housing provision related policy and strategy documents, there are also concerns related to protection of the rights of the customers of real estate companies. These relate to advance payments customers make, arbitrary changes in housing prices and even the closure of some private real estate companies without clearing their liabilities to their customers. There is a need to issue comprehensive regulatory frameworks to make for a more enabling working environment for the private real estate sector to facilitate its role in addressing demand for housing in the high-end of the market and beyond. Such measures are also expected to control rampant rent-seeking tendencies that are currently inherent in, and, are the undesirable hallmarks of the sector.

Source: (Abraham Tesfaye, 2008), “Real Estate to Gain”, 2013), (MUDHCo, 2013a) and (MUDHCo, 2013b).

The housing strategy document issued by MUDHCo (2013b) states that city administrations, housing cooperatives, real estate developers and households will be encouraged to construct houses. The government will construct condominiums in Addis Ababa and secondary cities as well as those that might evolve into industrial towns in connection with the implementation of corridor development strategies. Cooperative housing will be encouraged in all other towns by adopting Core+1 housing typologies. City administrations will focus on the preparation and allocation of developed land for residential construction by individual families, cooperatives and real estate developers. Land for condominium and cooperative housing construction will be allocated by city administrations, whereas real estate developers will get land under a lease arrangement and prices are to be determined via auction. Families who already possess (underdeveloped) residential plots are encouraged to construct additional units for rent by obtaining building permits from city administrations.

Regarding housing finance, the strategy document states that regional governments will mobilize finance for the construction of condominium housing by selling bonds to the CBE on behalf of city administrations. The CBE will also provide mortgage finance for households to purchase completed condominium units from city administrations. Households, cooperatives and real estate developers, on the other hand, are expected to mobilize 100% of the construction finance on their own. Even assuming that the condominium housing units are to be distributed to the poorest section of the society, housing finance remains an issue given the generally low level of incomes and limited propensity to save the full cost of housing construction that would amount to the full income to be earned in 4-6 years. This underlines the need to come up with alternative housing finance arrangements so that the shortage finance for formal housing will not lead to proliferation of informal settlements.

4.5 CONCLUSIONS AND KEY MESSAGES

Progress that has so far been registered in the housing sector must be further strengthened through reflexive evaluation of existing policies and practices: A forward looking approach should be adopted to promote the participation of different actors in housing provision. Among other initiatives, promoting public–private partnerships would be imperative especially with regard to making the supply-side of the housing equation more responsive. The government should adopt policies and strategies that would allow the development of a more diverse housing financing arrangement responsive to demand side constraints.

The Federal Government should take measures to promote appropriate construction technologies that can leverage the production of affordable housing: Improvement of housing condition requires adopting innovative housing construction technologies that take into account durability, affordability and sustainability issues. This would, invariably, require promoting research and development on sustainable housing technologies, which would capitalize on indigenous knowledge about construction as well as adapting and adopting appropriate technologies from other parts of the world.

Cities should adopt neighbourhood upgrading programmes to thwart public health threats as well as enhance their ambience: Given the generally deplorable housing and neighbourhood situation in both inner city slums and informal settlements that have developed mainly in city peripheries, more impetus should be given to adoption of innovative citizen-centred strategies given the momentum that has already been gathered as part of the implementation of the IHDP. This entails improving access to housing related services such as water and electricity as well as neighbourhood access and public spaces.

City administrations should streamline their land management and development control systems so that they could efficiently provide land for residential construction: Improving land management systems will certainly contribute to tackling the rampant informality evident in urban centres thereby facilitating controlled city expansion while enhancing the quality of life of residents. Cities should also step-up efforts towards controlling speculation in land transactions by instituting building permit follow-up systems that penalize deliberate construction delays.

City administrations should take measures to expand provision of residential plots as land is a critical input into the housing production process: Residential land should be provided to individual families and those organizing themselves under cooperatives, while cities should adopt innovative approaches regarding plot size and layout as well as vertical development to promote more dense and compact development. City administrations ought to institute a land delivery system that would enable to proactively develop and allocate minimally serviced land to low income families. This can also be integrated as part of city redevelopment studios (supervised student projects) of undergraduate and postgraduate programmes of universities with built environment programmes within a framework of city-university partnership.

Subsidies that can be provided as part of public housing programs should target households and not housing units to be distributed per se: cities should factor in the income level of households in determining who is eligible to get subsidies as well as the amount of subsidy to be given. This is also something to be considered in light of the presence of a large proportion of condominium units rented by their owners as well as the significant occurrence of informal selling and buying condominium units, which suggest that the subsidies that are intended to reach the poor are shifted to the wrong target group. On the other hand, in view of the same type of construction technology (construction material, labour and construction management) that will be used in IHDP, the average construction cost (Birr/m²) for a given

condominium building or site is assumed to be the same. Thus, instead of preparing separate unit cost for the various kinds of units, unit costs can be calculated considering the size residential plots. Once this is done, city administrations can decide on the amount of subsidy they can provide to households taking into account their level of income/affordability.

Cities should implement housing policies that promote inclusiveness: Given the seriousness of the affordability issue, which is threatening the inclusiveness of cities, it is imperative to introduce and implement alternative means of housing provision to enable the poorest sections of the society to afford shelter as a basic human right. Cities should exert efforts to diversify current approaches to housing delivery that entirely focuses on promoting home ownership through condominium building by the government and real estate developers. The government should encourage the construction of housing units to be rented as it would not be possible or even desirable to make all families home-owners. In this connection, city administrations may consider building/acquiring condominium units to serve as subsidized rental units targeted for low income families. Cities should also promote private rental housing. In particular, they should take measures to revamp existing public rental housing arrangements to address the issue of social housing that is becoming increasingly crucial.

The Federal Government should develop a workable framework for housing finance as it will contribute to housing affordability: There is a need to step-up the on-going efforts aimed at promoting savings as a basis for investment in housing. It will also be imperative to promote the involvement of MFIs in shelter financing. The government should also create the legal framework that would stimulate the establishment of a dedicated mortgage finance institution. Moreover, the effort being exerted by the government to develop the saving culture ought to be strengthened, which should be further complemented by adopting a legal framework that can promote the establishment of robust mortgage banks.

5.0 OVERVIEW

The central idea behind considering inclusiveness is gauging the extent to which cities are taking measures to embrace the vulnerable sections of the society in mainstream urban processes. The focus of this chapter is on reflecting the vulnerability conditions among the various social groups as well as efforts being made by cities to reduce the vulnerability of such groups as well as ensuring their inclusion into the mainstream social processes. The poverty sub-theme pays attention to the trends in the phenomenon in Ethiopian cities as it is measured in terms of relevant indices. The sub-theme on safety focuses on undesirable (often accidental) urban events that compromise the safety of urban dwellers. The nexus between these three broad issues is that if inclusion issues remain unresolved, they contribute to the further deterioration of poverty situation, while vulnerability to various kinds of accidents and disasters in turn translate into further marginalization of the vulnerable groups and their further impoverishment.

5.1 STATE OF INCLUSIVENESS IN ETHIOPIAN CITIES

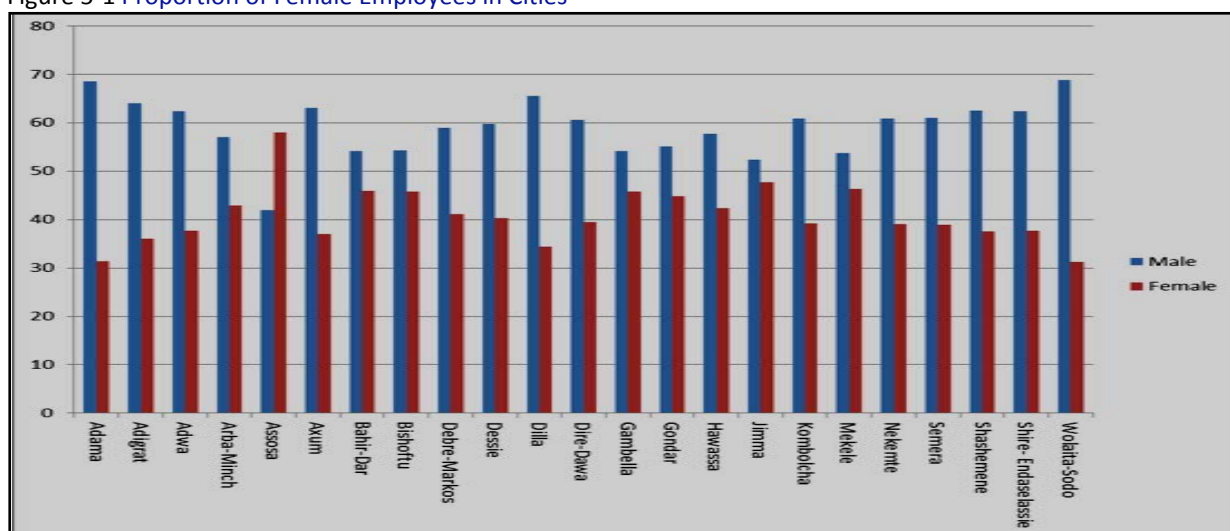
Inclusiveness involves a multiplicity of variables, while in this study it is analysed considering gender, vulnerable children, the elderly, persons with disability, persons living with HIV/AIDS, the urban poor and the youth as well as civil society participation in urban development.

5.1.1 GENDER

Cities are expected to empower women towards economic independence and inclusion in mainstream decision making. In this study, the extent of gender specific projects, proportion of women in public service and number of women in council committees were used to measure the extent of women's inclusion in city processes. Females in Ethiopia constitute 47.04% of the total labour force (World Bank, 2012). Data obtained from 23 SECR cities shows that the proportion of female employees is above 40% showing that city administrations in Ethiopia are shifting towards better inclusion of women as far as employment is concerned. Notwithstanding these encouraging achievements in public sector employment, as also shown in Chapter 2 on urban productivity, the quality of jobs women currently perform is an issue that still needs to be addressed.

The government has been promoting the implementation of gender articulate policies, although performance differs across cities and regions. It is encouraging to note that the city of Harar has been giving special attention to the employment of women in government offices. In 2013, the number of female employees (2,543), which slightly exceeded the number of males (2,483), accounted for 50.6% of the positions. The situation is even better in Assosa, where the number of female employees is more than their male counterparts (174 out of 300 employees) accounting for 58% of the total. On the other hand, the situation in some cities such as Adama and Wollaita Sodo needs attention, which is arguably due to long standing gender stereotypes (Figure 5.1).

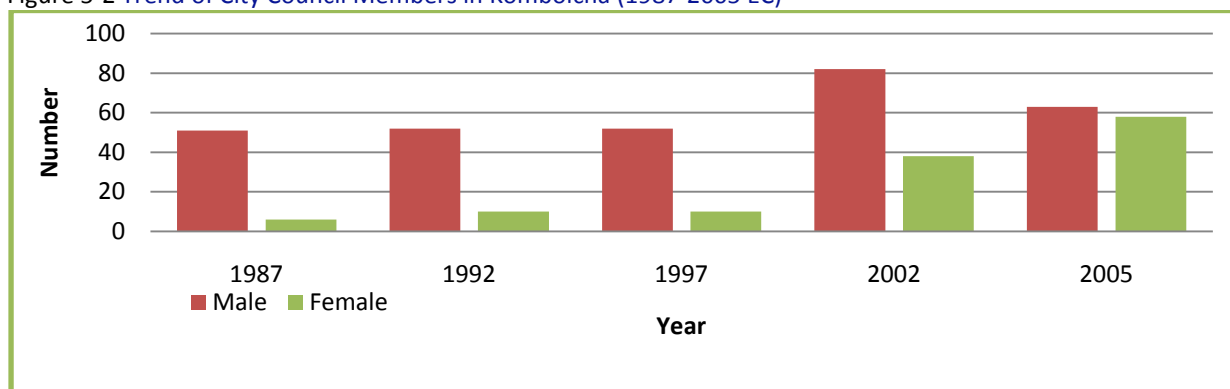
Figure 5-1 Proportion of Female Employees in Cities



Source: SECR Field Survey, 2014

The number of female members of city councils has been used to gauge the extent to which women participate in decision making. Women are generally better represented in city councils established in Oromia, Tigray and Amhara regions. At urban centre level, Kombolcha has demonstrated significantly high increase in the level of female inclusion over the years from 1987 to 2005 (Figure 5.2).

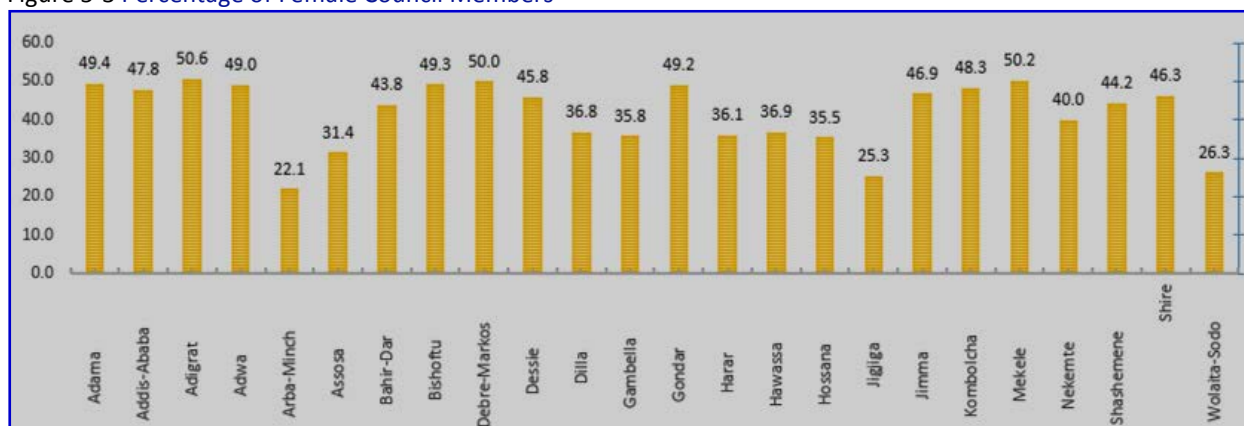
Figure 5-2 Trend of City Council Members in Kombolcha (1987-2005 EC)



Source: SECR Field Survey, 2014

On the other hand, given their generally low achievement in terms of the inclusion of women in city councils, cities such as Arba Minch, Wollaita Sodo, Hossana, Dilla and Hawassa (in Southern Region) Jigjiga, Assosa and Gambela in the emerging regions and Harar require special support so that they could bring on board women into decision making.

Figure 5-3 Percentage of Female Council Members



Source: SECR Field Survey, 2014

The IHDP, which is implemented in most of the cities covered by SECR, targets women's inclusion in efforts aimed at promoting housing ownership by allocating 30% of the condominium units exclusively for distribution to women, while women are still entitled to compete for the remaining 70% (IHDP, 2012 quoted in Solomon, 2014). The IHDP has promoted women's inclusion and empowerment by advancing their property rights and thereby reducing their dependence on their spouses. However, cities remain financially constrained to achieve full coverage of potential female beneficiaries. In addition, IHDP has created job opportunities for 200,000 job seekers including women organized into more than 3,000 MSEs.

5.1.2 VULNERABLE CHILDREN

Major Categories of Vulnerable Children

The Ministry of Women, Children and Youth Affairs (MoWCYA) defines a vulnerable child as one 'whose survival, care, protection or development might have been jeopardized due to a particular condition, and who is found in a situation that precludes the fulfilment of his or her rights' (MoWCYA quoted in MoFED and United Nations in Ethiopia, 2012). Vulnerable children in the context of the urban centres covered by the report mainly refer to AIDS orphans and children belonging to PLWHA, street children, children with disability and children belonging to the poorest sections of the society.

AIDS orphans and children belonging to PLWHA: these refer to children who lost one or both of their parents due to HIV/AIDS or those living with their parents that are HIV positive. Such children may not be enrolled in or regularly attend school as their remaining parent or guardian cannot afford school fees as well as school materials including stationary, books and uniforms. This group also refers to those children belonging to mothers who did not follow PMTCT services and hence may have contracted HIV and hence seek medical and emotional support. Those children with sick or bedridden parents or relatives have additional burden of providing care and support to their family members, which invariably deprives them from educational opportunities. An emerging phenomenon is the increasing number of child-led families as children are forced to support the livelihoods of their families including their grandparents who lost their sons or daughters because of HIV/AIDS.

Street children: the term 'street children' refers to both children on the street (those children who work on the streets to earn money for themselves or their families) and children of the street (children who are homeless and live on the streets). According to a study on the situation of street children in eight towns (Addis Ababa, Shashemane, Hawassa, Bahir Dar, Dessie, Dire

Dawa, Mekelle and Adama) conducted in 2003 by Forum on Street Children (quoted in MoFED and United Nations in Ethiopia, 2012), the major factors that push children to the street include poverty, family disintegration, neglect and violence at home, lack of educational opportunities, the death of parents and sexual abuse. An additional factor worth considering is the presence of destitute children who migrate from smaller urban centres and rural areas to larger urban centres. Apart from their limited access to adequate nutrition, clothing, shelter, education and medical care as well as exposure to addiction, unprotected sex and unwanted pregnancy, street children may be involved in child labour, begging, petty crimes and, in case of young girls, commercial sex to earn a living.

Children with physical and mental disabilities: have limited chance to go to school due to cultural barriers that stigmatize families with such children (Gudina, Nega and Tariku, 2014). Moreover, the physical environment and facilities that are currently available in most schools are not suitable for these children, notwithstanding recent efforts by the government to introduce inclusive educational programs, which represent evolving attempts to take into account the special needs of children with disabilities.

Children belonging to destitute families: though some of the above mentioned vulnerable children may belong to well-off families, the plight of the majority of these vulnerable children is exacerbated by chronic poverty that is pervasive in urban areas and affects the capacity of families and the society at large to deal with the scale of the problem. Most of these children will be forced to be engaged in informal economic activities to supplement their families' incomes, often in dangerous working environments that would expose them to various kinds of health hazards and deprive them from educational opportunities.

Data on the Number of Vulnerable Children

The number of vulnerable children is expected to vary across city administrations due to differences in, the size of population, level of poverty, HIV prevalence and extent of rural-urban and urban-urban migration. Yet, the cities covered in this report currently do not have comprehensive and up-to-date information on the number of vulnerable children as well as recent and ongoing initiatives of governmental, non-governmental and community-based organizations aimed at addressing their plight.

The proportion of orphaned children, which is estimated to account for 6% of the national population and 12 % of the total children population (Cf. UNICEF), is used as indicator of the number of vulnerable children. There is no specific survey or count made on the number of children, but one of the information collected as part of the 2011 demographic and health survey (DHS) is the presence in households of foster children and orphans.¹⁶ Foster children and orphans are of concern because they may be neglected or exploited if no parent is present (CSA and ICF International, 2012), and hence such figures can be used as proxy for the degree of the problem. Accordingly, the proportion of urban households with foster children and/or orphans in 2011 was 25.1 %, while the proportion of households with foster children, with “single orphans” and “double orphans” were 20.1%, 10.2 % and 1.9 %, respectively. The data on the proportion of households with foster children can also be used as a proxy indicator for the role of the society in providing care for the vulnerable children through informal adoption.

Street children move from place to place within a city and from one city to another and, as observed during the field survey carried out as part of this study, it is difficult to come by with accurate data on the number of street children at the city level. Available estimates provided by studies conducted by relevant ministries with the support of UNICEF may highlight the data

¹⁶ Foster children are children under age 18 living in households with neither their mother nor their father present; orphans are children with one or both parents not alive.

problem. In 2007, the Ministry of Labour and Social Affairs in a study supported by UNICEF estimated the overall number of street children at around 150,000 with about 60,000 living in the capital (UNICEF, 2007). On the other hand, head counts conducted in Addis Ababa (late 2010) and Adama (early 2011) as part of a study commissioned by UNICEF Ethiopia in collaboration with bureaus of Women Children and Youth's Affairs of Addis Ababa City Administration and Oromia region, estimated the number of street children in the two towns to be 11,830 and 4,796, respectively (UNICEF Ethiopia, 2011).

Based on the recent figures available for the two cities, the number of Street Children per thousand population in Adama (15.5) is significantly higher than that of Addis Ababa (3.7). Adama is a crossroad city connecting the north eastern, eastern, south eastern and southern part of Ethiopia with Addis Ababa. This means that Street Children can move very easily between the various cities located along the major highways that are connected with Adama making it an important hub in the transit patterns of Street Children. This situation also corroborates the concentration of the problem of street children in other secondary cities such as Bahir Dar, Dessie, Dire Dawa, Hawassa, Mekele and Jimma.

The Policy and Legal Framework for Children's Rights

Article 36 of the Constitution of the Federal Democratic Republic of Ethiopia recognizes and provides for the right of Children. Ethiopia has also ratified the Convention on the Rights of the Child (CRC) in 1991 and the African Charter on the Rights and Welfare of the Child in 2002; the African Charter has been promulgated in the official law gazette, the Negarit Gazette with proclamation No. 283/2002. Article 9(4) of the Ethiopian constitution makes all international instruments that have been ratified an integral part of national law. Accordingly, over the past few years, the Government of Ethiopia has taken significant steps towards legal reforms aimed at harmonizing domestic laws with international and regional instruments ratified by Ethiopia towards protecting the rights of the child including the Revised Family Code entered into force in 2000, the Labour Proclamation in 2003 and the Criminal Code in 2005.

The Ministry of Justice set up units in Justice Bureaus to investigate and prosecute crimes committed against children and women in Dire Dawa and Addis Ababa. In Addis Ababa and in regional capitals, special benches within the courts deal with offences committed against children and women. Moreover, city administrations in most of the regions as well as Addis Ababa and Dire Dawa have established city level departments for women, children and youth affairs (departments for labour and social affairs in Tigray Region), which deal with children issues. Yet, the available institutional capacity to implement these policies is grossly inadequate, which explains the current low level of support provided to vulnerable children.

Support Being Provided to Vulnerable Children

The dominant approach in the provision of support to vulnerable children the world over until recently has been the establishment of orphanages, children homes and villages. The disadvantages of providing institutionalized support, particularly its negative psychosocial impacts that emanate from the lack of family based love and affection that invariably affect the behaviour of such children, is well documented and has led to the recent paradigm shift towards non-institutionalized forms of care [Tolfree, D. 2005 and United Nations General Assembly/ Human Rights Council, 2009 quoted in Food for Hunger International (FHI), 2010]. This global shift in the main refers to the development and scaling-up of family-based alternatives such as family preservation and reunification, kinship care, temporary foster care¹⁷, and domestic adoption.

¹⁷ Foster care refers to 'an arrangement whereby an institution identifies, trains, and supports a family willing to take in an unaccompanied child with regular financial and material support from a parent institution' (FHI, 2010).

Despite its concentration in the major urban centres and its limited coverage in comparison with the sheer size of vulnerable children, the major focus of governmental and non-governmental organizations has been the provision of institutionalized support to vulnerable children. The government upholds the paradigm shift in the provision of support to vulnerable children, and it currently operates very few child care institutions that were established during the previous regimes. City administrations generally face budgetary constraints and most of the vulnerable children-orientated interventions are undertaken by local and international NGOs that work in collaboration with CBOs and bilateral institutions. The establishment of new child care institutions by NGOs has been increasing over the past several years, which was meant to facilitate the adoption of vulnerable children or their placement under foster care arrangements, whereas the attention given to other alternative care options has remained limited (FHI, 2010).

The services being provided to vulnerable children by NGOs have exhibited some diversification in recent years, which comprise the provision of financial support to cover their education-related costs, provision of nutritional support,¹⁸ promotion of income generation related support to families /i.e., measures aimed at preserving the family/, adoption, and foster care. The focus given to street children is generally limited due to, among others, the difficulty to track street children who are generally mobile.

Regarding abandoned children with no relatives, the support provided by NGOs mainly focuses on international adoption (FHI, 2010; and Gudina, Nega and Tariku, 2014). Moreover, the longstanding tradition whereby extended family members volunteer to care for orphaned and/or destitute children, which is basically an informal arrangement, remains the most common type of domestic adoption. Yet, the various services being provided are inadequate, limited in scope and intermittent, while lack of coordination often results in duplication of efforts and wastage of resources that impinge upon their sustainability.

A relatively new area of intervention as regards vulnerable children is the problem of child labour. The current legal and policy frameworks, which have undergone significant transformation over the last two decades, can be taken as conducive to take measures towards the prevention and mitigation of child labour (USDOL, 2013). Yet, the available institutional capacity to implement these policies and legal frameworks is grossly inadequate, which explains the increasing level of child labour in the face of rampant poverty in urban areas.

Child Labour in Urban Settings

The involvement of children in domestic or productive work, which often takes the form of apprenticeship to prepare them for their future life and/or carriers, is common throughout the world. Children's engagement in work becomes a problem, however, when it deprives them educational opportunities or exposes them to economic and sexual exploitation, psychosocial pressure or health hazards. There are no current surveys that provide quantitative data on the extent of child labour in Ethiopia, although the problem is reckoned to be generally increasing due to pervasive poverty in urban areas and poverty-driven rural migration.

¹⁸ The World Food Program (WFP) in collaboration with city administrations, NGOs and HIV/AIDS coordination offices has been implementing an urban HIV/AIDS. This program, which was started in the year 2003 in Addis Ababa, Dire Dawa and Adama, currently covers most of the SECR cities it has selected based on food security status, population size and HIV prevalence. One of the aims of the program, apart from improving the nutritional status and quality of life of food insecure PLWHA, is improving school enrollment and attendance of orphans and vulnerable children.

The results of the 2013 National Labour Force Survey (CSA 2014), which provide age specific data on employment-population ratios on 24 cities covered by the report, shed some light on the level of child employment in major urban centres. Accordingly, the employment to population ratios in the 28 major urban centres covered by the survey are estimated to be 7.4% and 24.6% for the age groups 10-14 and 15-19, respectively, which generally correspond to the portion of the population that is regarded as children (less than 18 years old), although the interval in the second age group includes those aged 19. The age group under consideration also corresponds to the official school age population, for primary education (grades 1-8), which is from 7-14 years and for secondary education (grades 9-12) from 15-18 years.

Focusing on those cities covered by the report, the figures for the age group 10-14 range from the lowest 1.2 % in Harar to the highest 31.2% in Debre Markos; other cities with highest prevalence of employed children within the 10-14 age groups are Wollaita Sodo (23.5%), Gonder (19.3 %), Hossana (11.9%), Bahir Dar (11.0%), Dessie (10.4%) and Hawassa (10.4%). On the other hand, the figures for the age group 15-19 range from the lowest 9.6% in Jigjiga to the highest 43.9% in Bahir Dar; other cities with highest proportion of employed children within the 15-19 age group are Debre Markos (41.0%), Gonder (39.4%), Shashemane (29.7%), Wollaita Sodo (29.1%), Dire Dawa (28.6%) and Jimma (28.0%).

A study by People in Need in Ethiopia (2009) offers a good summary on the list of major child-labour activities that are more visible in bigger urban centres as well as the general attitude of the society towards child labour. The most common types of child labour include: shoe shining, lottery ticket vending, baking and selling *Injera* and bread, preparing and selling snack foods such as roasted cereals, legumes and peanuts, roadside retail trading and peddling, working as taxi assistants, weaving and serving as porters as well as begging and commercial sex. The study notes that most people tend to consider shoe shining, preparation and selling of *Injera*, bread and snack foods, selling lottery tickets and working as taxi assistant as normal activities that should not be considered as child labour as they are believed to be of no harm to the children who would otherwise suffer even more due to abject poverty that affects their households. On the other hand, weaving, baking *Injera* and carrying goods for people as well as begging and prostitution are regarded as child labour that should be abandoned in view of their occupational safety and health (OSH) and moral related impacts that present imminent danger to the lives of children.

Apart from informal sector activities mentioned above, child labour is also manifested in the formal sector that is experiencing significant expansion in recent years as a result of the liberalization of the economy and promotion of private investment.¹⁹ The sectors that are known for employing children include the construction sector (road, real state etc), small scale manufacturing industries (wood and metal workshops, shoe factories) and agro-industries, which are basically labour intensive (People in Need in Ethiopia, 2009). The capacity of government ministries such as those for labour and social affairs or women, children and youth affairs to control the implementation of human resource management, contract administration and OSH -related regulations is generally limited, which opens the room for most of these enterprises to employ children to reduce their labour costs and maximize their profit margins.

There appears to be a generally increasing awareness about child labour among the general public associated with the publications international organizations such as UNICEF and ILO as well as children-orientated works by local and international NGOs, federal ministries and

¹⁹ According to the Labor Proclamation (Proc. No. 377/2003), the minimum age for employment is 14 years. Nevertheless, the proclamation also stipulates that children in the age group of 14-17 shall only employed or enter into employment contracts with a list of conditions that are presented in Chapter 2, Article 89, Sub-Article 3.

regional bureaus dealing with children issues and the mass media (USDoL, 2013). Current public awareness and advocacy related interventions by the various actors, however, seem to focus on child labour in traditional weaving industry in cities such as Addis Ababa, Arba Minch and Wollaita Sodo as well as the physical and psycho-social harms inflicted upon such children as well as the problem of child trafficking. The incidence of child labour in other sectors such as domestic service and construction is perhaps more important and deserves equal attention.

Data Obtained from the SECR Cities

Data referring to the number of vulnerable children supported, the number of NGOs and CBOs working on children issues and the number of available children- orientated medical facilities, which could be obtained from twenty-four of the total twenty-seven towns covered by the report is summarized in Table 5.1.

Table 5-1 Vulnerable Children Supported and Availability of Pediatric Facilities, 2014

SN	City (Town)	Estimated Number of Under 18 Children	Number of Supported Vulnerable Children			Proportion of Supported children (%)	Number of Paediatric Facilities	Facility Child – Facility Ratio	Number of NGOs and CBOs Working on Children Issues	CBO/ NGO – Children Ratio
			Male	Female	Total					
1	Adama	110,080	9,998	9,996	19,994	18.16	*	*	8	13,760
2	Adigrat	*	333	310	643	_*	1	*	15	*
3	Adwa	29,806	3,524	3,805	7,329	24.59	*	*	9	3,312
4	Arba-Minch	42,138	1,176	1,125	2,301	5.46	4	10,534	7	6,020
5	Assosa	10,709	1,525	947	2,472	23.08	*	*	4	2,677
6	Axum	*	626	571	1,197	*	*	*	9	*
7	Bahir-Dar	132,719	2,185	1,900	4,085	3.08	*	*	2	66,360
8	Bishoftu	86,458	2,312	2,388	4,700	5.44	1	86,458	10	8,646
9	Debre Markos	*	1,627	1,702	3,329	*	*	*	3	*
10	Dessie	84,700	5,286	5,755	11,041	13.04	*	*	31	2,732
11	Dilla	*	40	48	88	*	*	*	*	*
12	Dire-Dawa	143,000	2,843	2,851	5,694	3.98	1	143,000	38	3,763
13	Gambela	*	94	98	192	*	*	*	1	*
14	Gondar	148,673	5,884	5,154	11,038	7.42	2	74,336	13	11,436
15	Harar	*	1,592	1,599	3,191	*	*	*	5	*
16	Hawassa	73,222	6,475	6,881	13,356	18.24	*	*	66	1,109
17	Hosanna	*	2,361	2,282	4,643	*	2	*	7	*
18	Jigjiga	73,680	263	263	526	0.71	1	73,680	*	*
19	Jimma	7,613	2,132	2,386	4,518	59.35	1	7,613	21	363
20	Mekelle	*	120	130	250	*	2	*	25	*
21	Nekemte	*	2,169	2,096	4,265	*	*	*	*	*
22	Shashemane	22,000	4,064	5,360	9,424	42.84	1	22,000	24	917
23	Shire Endasselassie	*	416	399	815	*	*	*	*	*
24	Wollaita-Sodo	*	3	106	109	*	*	*	5	*

Source: SECR Field Survey, 2014 * Data not available

The proportion of vulnerable children receiving support from NGOs and CBOs is found to be very small in comparison to the total population of the urban centres.²⁰ On the other hand, the highest number of NGOs and CBOs working on vulnerable children is reported by Dire Dawa, Dessie and Hawassa, whereas the proportion of vulnerable children getting support in comparison to the total children population in these cities is found to be low. On the other hand, the proportion of supported children is found to be the highest in Jimma, Shashemane,

²⁰ The absence of city-level data on the number of vulnerable children and the generally poor data environment mentioned above has to be taken into account when interpreting these data.

Assossa and Adama, whereas this has to be seen in conjunction with the size of the total children population reported by the respective cities which is found to be underestimated in view of the current population size of the respective cities. The average number of children per NGO/CBO ranges from the lowest in Jimma (1: 363) to the highest in Bahir Dar (1: 66,360), with significant variability in between, which suggests the need to promote and provide support for the establishment of NGOs/CBOs that will work on children issues in those urban centres where their services are needed.

The number of special health facilities for children was also used to measure the vulnerability of children to health risks. According to the data obtained from city administrations as part of this study, Arba-Minch, with four facilities, has the highest number of such paediatric facilities, followed by Gonder, Hosanna and Mekele with two facilities each (Table 5.1). The average number of children per child health facility ranges from 1: 7,613 in Jimma to 1: 143,000 in Dire Dawa, a difference of about twenty folds, which highlights the big gap in the availability of specialized paediatric facilities.

5.1.3 THE ELDERLY

The UN definition of older persons, those whose age are 60 years and over, has gained acceptance in the Ethiopian context as it coincides with the country's official retirement age (MoLSA, 2006). The proportion of the old age population in urban areas of the country, those aged 60 years and over, is about 4.5% of the total population. Accordingly, as the total urban population of the country is projected to be about 16.7 million in 2014, the current size of the elderly population living in urban areas is estimated to be about thousand. The support needs of the elderly has been traditionally catered for by the extended family system; yet, the traditional social support network is under considerable strain due to pervasive poverty in urban areas, which makes the provision of organized support for the elderly by city administrations and NGOs imperative. Moreover, the elderly need support to participate in the affairs of their communities and cities, apart from their participation in community-based organizations such as *Idir*. This enables them to continue enjoying their normal life because of their enhanced feeling of self-worth. This is also consistent to the emerging global approach to actively engage the elderly in city development programmes.

It is interesting to note that city administrations run special homes for the elderly in Addis Ababa and some other cities such as the Abraha Behata Centre for the Elderly and Persons with Disability in Harar City. There are also homes for the elderly established by local NGOs such as the Mekedonia Centre for the Elderly and Mental Disabilities in Addis Ababa. Thus, in view of the difficulties they face to directly fund such facilities; city administrations must ensure adequate investment in facilities for the elderly in close partnership with the society and philanthropic organizations.

Cities are yet to have fully developed flexible zoning regulations, which would allow accommodating congregate homes and co-dwellings that would benefit the elderly. The current paradigm is to support the elderly within their communities rather than institutionalizing them in old people's homes. The policies and action plan are aimed at reducing the vulnerabilities, and deal with different forms of exclusion that hinder the elderly from engaging in active life.

BOX 5-1 THE NATIONAL PLAN OF ACTION ON THE ELDERLY (1998-2007 E.C.).

National Plan of Action on Older Persons (1998-2007 E.C.) focuses on development aspects of ageing such as employment and humanitarian protection. Planned activities include training of city managers on issues of ageing; improving health, housing and living environments of the elderly and assisting them to live in their localities. Other aspects covered in the document include providing incentives to families, providing care for the elderly and facilitating the construction of homes free of charge for families voluntarily assisting the elderly living alone. Also emphasized is the need to devise working procedures that improve access by the elderly to pension allowance payment centers, markets, medical facilities, recreational centers and other services by locating them near their areas of residence.

Access to Services by the Elderly: The plan envisages design of social and infrastructural services and facilities appropriate for the needs of the elderly. Additional support for the elderly is given when cities house them in subsidised government houses where they pay relatively low rentals. As regards mobility issues, it seeks to assist senior citizens obtain transportation free of charge or at reduced cost. The action plan also envisages providing assistance in the form of physiotherapy to improve their wellbeing and improve the quality of their life. Other areas include adoption and application of new technologies to enhance their independence and reduce their alienation. Involving the elderly during the design of housing policies as well as the implementation of road construction projects is seen as a way of promoting their inclusion. Social security to relieve old people who continue to work in the informal sector is also an important part of the plan, which will augment their incomes. Education and training as a way to meet the MDGs with respect to the elderly is also one of the components of the plan.

HIV/AIDS and the Elderly: Similar to other African countries, it is grandparents who have taken the responsibility of taking care of AIDS orphans. The action plan underlines the need to include the elderly in awareness creation programs about HIV/AIDS with a view to preventing their risk of infection as they take care of the sick parents as well as the orphaned children.

Political Role of Elderly Women: The plan envisages full participation of elderly women at all levels. Elderly women will be encouraged to form their own organizations, co-operatives and self-support associations in order to protect their basic human rights. Conflict resolution is also among key governance issues to be addressed through the participation of elderly women.

Emergencies and the Elderly: The action plan incorporates disaster-management related issues to reduce the vulnerability of elderly people to impacts of disaster and tap into their traditional knowledge on disaster.

Implementing Other Government Policies and Strategies that Incorporate Elderly Issues: These include Poverty Reduction and Sustainable Development Program, HIV/AIDS Strategy, Millennium Development Goals, Developmental Social Welfare Policy, Population Policy, Education and Training Policy, Health Policy and Women's Policy.

Source: (MoLSA, 2006).

Therefore, tackling issues of the elderly would require integrated and complementary efforts by their families, civil society organizations and the various levels of government. Interventions by NGOs can only be effective if they get adequate support from the government. The ultimate responsibility of creating an enabling environment for the provision of all rounded support to the elderly, however, is that of the various levels of government including city administrations.

5.1.4 PERSONS WITH DISABILITY

The main variables considered in this study to measure the extent of inclusion of PWD in city affairs include: the availability of city-level data; the presence of disability-specific development initiatives; the availability of PWD-friendly infrastructure and facilities; and the participation of such individuals in decision making processes.

The censuses conducted in 1994 and 2007 provide information on disability. The CSA defines persons with disability (PWD) as those who are not able “to carry out or limited in carrying

out activities that others can do due to congenital or long term physical/mental disabilities.” According to the 2007 census, the total number of PWD in the country was 805,492 accounting for 1.09 % of the national population of about 74 million. The census data does not provide urban-rural breakdown and hence city level data on disability.

The proportion of PWD in 2007, while lower than the figure generated by the 1994 census (1.85%), is considerably low compared the global figure of 10%, which is adopted by WHO since the declaration of the UN Decade of Disabled Persons in 1982 to estimate the prevalence of disability. The data obtained from the 2007 census is considered by many national and international actors to underestimate the prevalence of disability in the country (ENDAN/CCM, 2010). The major possible reasons that explain the discrepancy include: the presence of strong social stigma against persons with disability, which is likely to discourage families to disclose the disability status of their family members; absence of common yardstick to identify and classify different kinds of disability; capacity limitation on the part of persons engaged in the design and implementation of data collection instruments to generate data on disability; and lack of clear conceptualization of disability in view of the presence of different models of disability, namely medical; social; and bio-psycho-social models. Although the bio-psychosocial model, also known as the International Classification of Functioning, Disability and Health (ICF), is the most widely accepted model for understanding disability, actors involved in collecting disability data in Ethiopia have not fully used ICF as a model conceptual framework in their work.

Concerning PWD orientated initiatives, the Government has issued disability orientated policies, strategies, programmes and action plans aimed at enhancing the socio-economic inclusion of PWD. The Federal Government has adopted an organizational structure dedicated to the management of disability issues. MoLSA has a rehabilitation affairs department with three dedicated teams, namely Social Affairs, Elderly Affairs and Disability Affairs. This structure is duplicated at the regional level demonstrating the government’s commitment to disability issues. The labour and social affairs bureaux in the chartered cities of Dire Dawa and Addis Ababa handle all social affairs matters, including disability-related welfare support. Other urban centres, however, have units that deal with disability issues together with several social issues and generally depend on regional bureaux that are located very far from most cities. The few services that are currently being rendered are mostly sponsored by NGOs and concentrated in major urban areas (SADPD, 2010).

Cities such as Addis Ababa and Dire Dawa are implementing special needs education programmes, which target the blind, the deaf and those with mental disability, both at primary and secondary level. In case of Addis Ababa, there are three special classes for the blind but no special schools for them; five special classes and five special schools for the deaf; and five special classes and nine special schools for students with mental disability. In Dire Dawa, there were special schools and no blind special classes; two special classes but no special schools for the deaf, while there were no special classes and schools for those with mental disability (MoLSA, 2010). In view of the situation in the two chartered cities that are better endowed with resources, the situation is likely to be far untenable in other cities particularly those in the emerging regions. Much still needs to be done, however, to improve the coverage of such educational programs to accommodate all forms of disability within the context of inclusive education being promoted by the Ministry of Education in all schools.

Government efforts aimed at improving the access of PWD to education is also reflected through the introduction of various degree programmes in sign language and postgraduate studies in special needs education. Higher education institutions offering special education needs include, among others, Dilla, Addis Ababa, Haromaya, Adwa and Debre Berhan

universities. Colleges include Kotebe and Sebeta teachers training centres. These programs will encourage PWD to pursue higher education to compete for senior jobs, while they also increase the number of teachers that would be available to work in special schools and classes, which target students with disability.

On the other hand, in order to promote their socio-economic empowerment, PWD have formed their own associations with the support of governmental offices, NGOs, CBOs and FBOs that operate at the national, regional or city level. Out of 19 cities for which data was obtained in 2014, Mekelle had 26 associations, the highest number, while more than half the cities had five associations or less. Thus, despite government efforts to support PWD as reflected in existing laws and institutions, the formation of associations still remains low, which is to be attributed among others to the generally negative attitude of the society towards PWD. There is, however, an increasing level of awareness about disability issues due to their better media coverage particularly in FM radio programs organized by organizations by/for PWD.

BOX 5-2 GOVERNMENT EFFORTS TO SUPPORT PERSONS WITH DISABILITIES

The Rehabilitation Department organized under MoLSA carries out activities aimed at rehabilitating PWD as well as provides training and awareness creation campaigns on disability issues. Disability issues are decentralized from the central to regional levels with structures extending from the zones to the “*Woreda*”. MoLSA launched a National Plan of Action for People with Disabilities (2012-2021), which prioritizes public awareness, medical treatment, HIV/AIDS and PWD, education and training, employment and work, social protection, living environments; culture, sports and recreation, and participation of women with disabilities. The Ministry has also designed implementing modalities involving various players at federal, regional and local levels (MoLSA 2012).

Article 41.5 of the Federal Constitution provides for allocation of resources for the rehabilitation of and assistance to be provided to persons with physical and mental disability. The Developmental Welfare Policy (1996) was revised to extend social protection to PWD. The Education and Training Policy (1994) requires expansion of basic education for all and development of physical and mental potential of individuals, children and youth with special needs. The Education Sector Development Program (ESDP) culminated in the Special Needs Education Program Strategy (2006), which aims at breaking barriers to active learning. The 2009 Special Needs Education and Technical Vocational Education Training framework document, of 2008 offer opportunities for PWD to enhance their skills and compete for jobs. The 2011 National Physical Rehabilitation Strategy of Ethiopia (MoLSA) was designed in collaboration with organizations by/ for persons with disability.

The National Action Plan for Gender Equality (2006-2010) addresses issues related to participation in decision making processes, human rights, health, institutional mechanisms, environment, violence, reproductive rights and education, all of which are critical to improving the living conditions of PWD. The Rights to Employment of Persons with Disability Proclamation No. 568/2008 also addresses disability rights. While Article 4 provides for protection of PWD in employment, Article 5 prohibits their discrimination. On the other hand, Article 36 of the Ethiopian Building Proclamation No. 624/2009 addresses accessibility, design and construction for physically impaired persons. The various strategies incorporated in the National Plan of Action for People with Disabilities include a twin-track approach, focusing on mainstreaming disability and promoting specific development initiatives that focus on improving the accessibility of public services such as education, health, transportation and communication as well as the design and implementation of comprehensive community development programs.

Source: (FDRE, 1993), (FDRE, 1995), (FDRE, 1997), (FDRE, 2008), (FDRE, 2009) and (MoLSA, 2012).

An emerging phenomenon in Ethiopian cities is the increasing number of persons with mental disability including those that end up as street dwellers, which exposes them to a variety of communicable diseases, traffic accidents and other social problems. The problem is linked, among others, to the widespread use of addictive substances including *Chat*, which is common in major urban centres. The plight of these persons with mental disability is exacerbated by the absence of specialised psychiatric hospitals and clinics. The only psychiatric hospital is found in Addis Ababa that was established in 1960s. Although measures are taken to expand the

capacity of the hospital in recent years, concerted efforts should be made to expand the availability of specialized psychiatric hospitals at least in major cities that can serve as referral hospitals for those to be diagnosed in general hospitals to be established in smaller cities.

5.1.5 PERSONS LIVING WITH HIV-AIDS (PLWHA)

City administrations are expected to embark on specific development projects for PLWHA to widen their inclusion in development affairs. Cities should offer health-related support to improve the quality of life of PLWHA as well as implement programmes that augment their livelihoods and contribute to reduce their marginalization, stigmatisation and discrimination.

According to the latest country progress report submitted to UNAIDS (FDRE, 2014), which covers the reporting period January 2012 to December 2013, marked variation is observed between urban and rural prevalence of HIV as also reported in the 2011 EDHS with urban areas showing a seven fold higher HIV prevalence compared to rural areas (4.2% versus 0.6%). The HIV epidemic in Ethiopia is more pronounced in bigger urban centres that are located along major transport corridors, which is linked among others to significant migration of population to large urban areas associated with large scale construction projects as well as a growing service industry. Yet, small towns included in the 2005 DHS survey exhibited a higher-than expected prevalence of HIV compared to bigger towns, which suggests that small towns have become HIV hotspots because of their neglect in HIV prevention efforts as compared to the bigger urban centres where they are found concentrated (World Bank, 2008).

Notwithstanding the differences between its urban and rural prevalence, the HIV epidemic is reckoned to have stabilized or even declined in most of the major urban centres, while showing an increasing trend in the smaller towns (FDRE, 2014 and World Bank, 2008). Overall, the decline in HIV prevalence is indicative of the attention city administrations and other levels of government as well as development partners, NGOs and the society at large have given towards HIV/AIDS by way of concerted public education programs, HIV screening and distribution of antiretroviral treatment (ART) drugs.

According to the ANC sentinel HIV surveillance 2012 report (quoted in FDRE, 2014), HIV prevalence among ANC clients in urban surveillance sites aged 15-49 - often used as a proxy for HIV incidence - exhibited a declining trend from 14.3% (2001) to 4.4% (2012). Similarly HIV prevalence among pregnant women aged 15-24 years attending antenatal care (ANC) in urban areas, which is a proxy for new HIV infections, decreased by more than half from 9.1% in 2005 to 3.3% in 2012 suggesting a decline in new infections. The decline in the rate of new infections is also supported by age-specific ANC-based HIV prevalence data (MoH/ EHNRI (2011). Accordingly, HIV prevalence in urban areas among the 15-24 age group declined from 14.2% in 2001 to 4.2% in 2009.

On the other hand, the HIV prevalence among the 25-34 age group declined from 15.0% to 6.8%, while that of the 35-49 age group exhibited reduction from 14.3% to 5.3%. As HIV prevalence in younger age groups can be a proxy indicator for recent infections, the decline in HIV prevalence ratios of the 15-24 age group versus the 25-34 age group from 0.95 in 2001 to 0.62 in 2009 clearly shows the reduction in new HIV infection.

Table 5-2 Trends of HIV Prevalence (%) at Urban ANC Sites, 2001 –2009

Urban Centre	Site Name	2001	2002	2003	2005	2007	2009
Adigrat	Adigrat Health Centre	16.2	NA	7.4	8.8	7.2	5.2
Mekele	Mekele Health Centre	17.2	16.8	9.3	13.4	9.3	5.7
Semera	Aysaita Health Centre	12.4	NA	11.3	12.5	4.6	3.7
	Dubti Hospital	NA	NA	24.0	20.9	8.7	8.7
Bahir Dar	Bahir Dar Health Centre	23.4	20.0	20.2	13.5	12.2	6.8
	Bahir Dar Hospital	19.9	21.0	16.9	14.0	7.7	13.1
Gonder	Gonder Health Centre	15.1	18.3	13.9	10.3	12.6	10.0
Jimma	Jimma Health Centre	8.6	16.9	10.2	8.3	6.6	8.5
Adama	Adama Health Centre	18.7	16.0	10.8	9.0	6.5	6.6
Nekemte	Nekemet Health Centre	9.1	11.3	13.0	10.4	4.0	4.0
Shashemane	Shashemane HC	13.1	NA	8.7	7.0	2.8	1.4
Jigjiga	Jigjiga Hospital	19.0	15.7	7.3	5.5	4.9	3.9
Assosa	Assosa Hospital	NA	13.1	15.4	7.6	2.6	4.7
Hawassa	Awassa Health Centre	10.0	11.1	8.8	9.2	5.0	3.9
Dilla	Dilla Hospital	9.8	11.5	12.1	9.3	3.2	4.6
Hossana	Hossana Hospital	5.9	6.0	12.4	3.1	2.4	1.1
Wollaita Sodo	Soddo Health Centre	11.6	12.2	11.2	7.5	7.0	6.4
Gambela	Gambela Hospital	14.6	15.4	18.7	7.5	13.5	7.3
Harar	HiywotFana Hospital	9.4	12.8	7.8	7.5	3.1	6.0
Addis Ababa	Akaki Health Centre	NA	NA	10.9	9.1	7.8	7.4
	Gulele Health Centre	15.8	12.3	12.4	13.0	6.1	8.7
	Higher 23 Health Centre	12.3	10.2	11.8	10.1	5.2	5.4
	Kazanchis Health Centre	17.7	15.1	11.6	16.7	5.7	4.4
	Teklehymanot Health Centre	16.6	15.1	15.1	11.7	6.2	6.9
	Akaki Health Centre	NA	NA	10.9	9.1	7.8	7.4
Dire Dawa	Dire Dawa Health Centre	8.5	11.6	7.7	3.0	6.0	7.2
	Dire Dawa Hospital	15.2	12.1	14.4	11.0	14.2	4.9

Source: (MoH/EHNRI, 2011)

The HIV epidemic is also exhibiting heterogeneity as evidenced by variations in the prevalence rate recorded in different ANC-based surveillance sites, which underline the need to base the various preventive and treatment related interventions to be undertaken at the local level on disaggregated data that would help identify those geographic areas and communities that are at higher risk.²¹

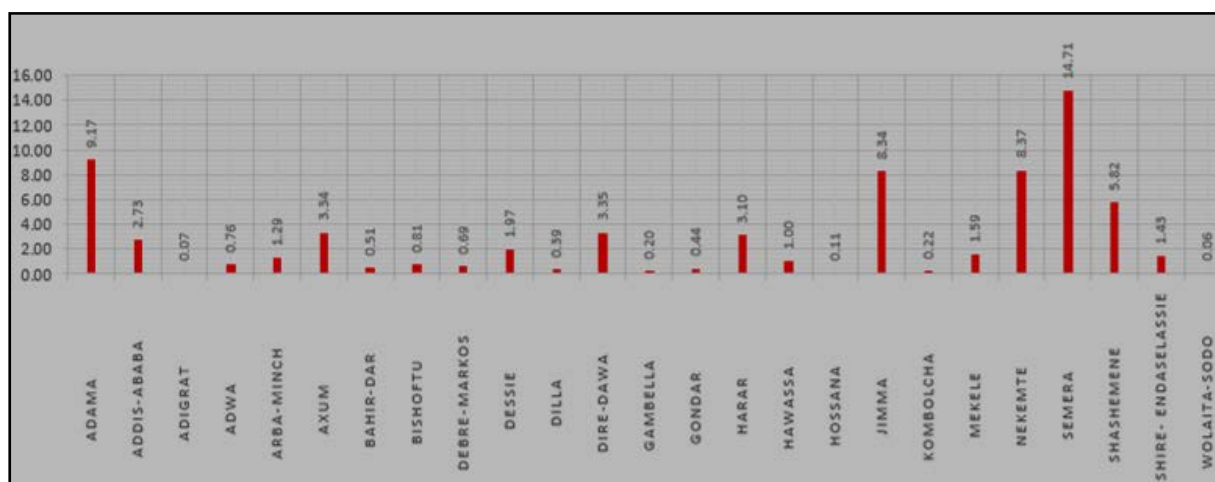
The HIV prevalence trend in urban areas based on data obtained from 34 urban sites that had four rounds of consecutive data from 2003 to 2009, for example, showed a considerable decline in prevalence from 11.4% in 2003 to 5.5% in 2009 (MoH/EHNRI, 2011). The data obtained for the period from 2001 -2009 from surveillance sites located in 18 of the 27 urban centres covered by the SECR (Table 5.2) reveals a declining HIV prevalence

²¹ The main source of HIV prevalence data in Ethiopia has been data collected from pregnant women attending antenatal clinics (ANC). ANC-based HIV prevalence monitoring was initiated in 1989 but was limited to only a few urban sites until 2001. The total number of ANC-based HIV surveillance sites categorized as urban sites, which were only 11 in the year 2000, had expanded from 28 in 2001 to 41 in 2009 (MoH/EHNRI, 2011).

since 2001, with very sharp declines in some urban areas such as Hossana, Jigjiga and Shashemane.

Additional data obtained from 25 cities was analysed to measure the incidence of HIV in the general population as well as the performance of cities in HIV/AIDS related issues, particularly in terms of providing different kinds of support to PLWHA. Regarding, the incidence of HIV, the highest proportion of PLWHA is reported for Semera, which accounts for more than 14% of the population followed by Adama, Nekemte and Jimma (Figure 5.4).

FIGURE 5-4 PROPORTION OF PERSONS LIVING WITH HIV/AIDS IN SECR CITIES



Source: SECR Field Survey, 2014.

NGOs have been actively engaged in various kinds of HIV/AIDS prevention, treatment and care related activities undertaken at the city level. NGOs in collaboration with city level health departments, CBOs such as *Idirs*, religious organizations and associations of PLWHA were actively engaged in awareness raising programmes aimed at educating the general population and high risk groups such as commercial sex workers and truck drivers about measures to be taken to prevent and control the transmission of HIV. Other collaborative interventions include: mobilizing HIV/AIDS volunteers who will participate in various kinds of HIV prevention, treatment and care related activities; conducting public awareness programs aimed at fighting the stigmatization and discrimination of PLWHA and their families; distributing condoms and HIV/AIDS related Information, Education and Communication (IEC) materials; providing voluntary counselling and testing (VCT) and prevention of mother-to-child transmission (PMTCT) services; offering counselling services to PLWHA for antiretroviral treatment (ART) and making follow up on their adherence to ART; and providing home-based care to PLWHA and support to AIDS orphans.

In comparison to public awareness related activities and medical support NGOs provide to PLWHA in collaboration with health centres and hospitals managed by the government, the provision of livelihood related support (financial, nutritional, income generation, etc.) have limited portfolio. Although there are HIV/AIDS committees established at the City and *Kebele* levels providing administrative-related support to NGOs and other actors engaged in HIV prevention, treatment and care, evaluating the impact and sustainability of these efforts is rendered difficult by the lack of systematic monitoring and evaluation system.

NGOs also provide various kinds of capacity building-related support to PLWHA to organize themselves under associations so that they can take organized measures to cater for their special needs. Associations of PLWHA exist in all of the 27 cities covered by the SECR although their numbers vary across the cities. There were nearly 70 associations working on

HIV/AIDS related issues in Addis Ababa alone in 2006 E.C. (2013/2014), whereas Jigjiga as a regional capital of the Somali Regional State had the highest number of associations (seven association) followed by Bahir Dar, Arba Minch and Dire Dawa (each with six associations) and Harar (with five associations). The number of associations is very small in Nekemte (three) and Shashemane (two), whereas they are among the towns with highest HIV/AIDS prevalence. These associations help economically empower PLWHA by offering financial support and other forms of assistance. Emphasis is also placed on fighting their stigmatization to help them move away from victim mentality.

City administrations, NGOs and associations of PLWHA have started working with community-based organizations (such as Idir) in their efforts to deal with the HIV/AIDS pandemic and its effects as this would make mobilising the community for HIV/AIDS programmes comparatively easier. Moreover, the opportunities such associations offer for the inclusion of PLWHA in mainstream urban development processes need to be exploited further and more methodically. Such associations may be utilized as entry points for understanding the problems of PLWHA and enable implementation of sustained outreach programs.

BOX 5-3 GOVERNMENT POLICIES, STRATEGIES, PROGRAMMES AND PROJECTS

The government has taken successive HIV-AIDS related measures, starting from establishing the National Task Force, then HIV/AIDS Council and Secretariat and later HIV/AIDS Prevention and Control Office. A national HIV/AIDS policy was introduced in 1998, while an HIV/AIDS medicine procurement and utilization strategy was launched in 2002. Thus, the prevention and control of HIV/AIDS has been integrated into mainstream development processes and the health extension programs. This approach helps avoid the stigmatization and discrimination that can occur as well as raise communities' awareness and ensure their support for PLWHA. In addition, it helps effectively coordinate efforts by private, governmental and non-governmental actors to raise resources to support PLWHA on sustainable basis. The main strategic directions for the HIV/AIDS prevention and control program are, to expand HIV/AIDS prevention activities, provide an all-inclusive and good quality health service for HIV/AIDS and related diseases and, reduce vulnerability to HIV/AIDS. The program also seeks to strengthen the systematic collection and use of data relating to HIV/AIDS, increase the accessibility of HIV/AIDS related health services and, provide special care and protection for HIV/AIDS patients and their families.

The government is also committed to collaborate with partners such as NGOs, CBOs and FBOs. For example, it is working with the President's Emergency Plan for Aids Relief (PEPFAR) Ethiopia which is expanding work with new partners, particularly NGOs, CBOs and faith-based organizations (FBOs) in order to extend the initiative's reach and foster its sustainability. As part of this effort, PEPFAR Ethiopia established the Small Grants Program. The program offers financial support that enables community-and faith-based organizations, as well as groups of PLWHA, to implement small-scale projects that promote HIV/AIDS prevention, and provide care and support. The target groups are young women, female sex workers, discordant couples, truckers and other mobile workers, clients of sex workers and youths in and out of school. The organization targets those outside larger cities.

Source: (World Bank, 2008), and (FDRE, 2014).

5.1.6 ACCESS TO HOUSING

Improving the access of the poor to decent housing is seen as another way of ensuring the inclusion of the urban poor in sharing the benefits of urbanization. The major cities in Ethiopia have been making attempts to address the issue of affordable housing by subsidizing condominium units constructed under IHDP. The subsidy includes free land for the construction of condominium buildings and covering the cost of basic infrastructure facilities such as roads, water and electricity. Units in the ground floors of condominium buildings on

accessible locations are set aside for business operations, and in most cities they are distributed on auction basis as a means of generating resources at least to partly cover the subsidies on the other units.

Apart from the subsidy element, the IHDP also introduced cheaper, easily adaptable construction techniques and materials that have reduced the construction cost by 20-30% (IHDP, 2011 quoted in Solomon, 2014). This aims to make broad based housing ownership affordable and achievable for the urban poor. As discussed in the chapter dealing with housing provision, access to mortgage finance are arranged by cities to enable their inhabitants own residential houses. Residents were required to pay 10% or 20% upfront payment as deposits, depending on the typologies of condominium units they get under a lottery arrangement. The remainder is paid by the bank in the form of a mortgage to be liquidated within five to 20 years. Generally, the unit prices are lower and upfront payments are more flexible in case of studio units. This seems to assume that all poor households would choose studio units, whereas it may not be suitable for families with large household size. In terms of ensuring the inclusion of the urban poor, the distribution of condominium housing units can be made more effective by employing appropriate targeting mechanisms that address the beneficiaries rather than the units per se that would otherwise be distributed to those that are not identified as direct beneficiaries of the program.

As housing cannot be fully subsidized, city administrations should step up their employment generation efforts that target poor families that should be encouraged to exert efforts towards making their own savings through MFIs and banks, notwithstanding the roles *Iqubs* play in this regard. City administrations in collaboration with the local branches of CBE are running extensive awareness-creation campaigns through the use of mass media and distribution of pamphlets aimed at promoting the saving culture of the general population. Citizens are encouraged to save any amount they can afford so as to benefit from the government-sponsored housing programme. It is a high time to promote the idea of shelter microfinance as a means of achieving effective housing demand and reducing the marginalization of the urban poor.

Another important issue as regards inclusion is the plight of vulnerable groups that reside in inner-city slum neighbourhoods and which are targeted for redevelopment. In Addis Ababa and the major administrative and commercial centres, the most deteriorated sites are identified and housing and commercial development is taking place. This intervention is gradually transforming the previous dilapidated conditions and giving a new attractive ambience and healthy city outlook. As discussed in those chapters that deal with housing, urban planning and land management, cities have a long way to go in terms of embracing bottom-up approaches in the design and implementation of re-development programs, which has its own bearing on the inclusion of the vulnerable groups. This is important as addressing the housing demand of the urban poor requires collaboration between the intended beneficiaries themselves and other actors that include the government as well as NGOs working in the area of shelter development.

5.1.7 YOUTH

As mentioned in Chapter 1, the youth that belong to 15-29 age group as per the national youth policy constitute close to a third of the country's urban population. Thus, cities are expected to invest in integrated youth programmes to help the youth transform into responsible and productive citizens. As a group in transition to adulthood, multi-dimensional and integrated support should be provided to the youth encompassing their education, employment, health and civic engagement, which is also stated in the Ethiopian Youth Policy (FDRE, 2004). The major focus of youth orientated programs currently being implemented by city administrations, however, has been on youth education and employment as compared to the other aspects of youth development. City administrations have taken initiatives in recent years to establish youth centres with the aim of providing library, indoor game and ICT facilities as well as information, education and communication (IEC) materials on reproductive health, HIV/AIDS and other and other issues. Although the capacity and utilization of these youth centres is reckoned to vary across cities, these facilities should be considered as a good starting point for the provision of integrated support to the youth, which will go a long way in terms of enhancing their social capital.

Youth Education

As already highlighted in chapters 1, 2 and 3 of this report, huge investments have been made in the education sector (from primary through university education), whilst the demographic transition the country is currently undergoing necessitate re-orienting the educational system to produce competent skilled labour force that will prepare the youth for work. It will also be imperative to provide educational alternatives to part of the youth that drop out of school as well as those who do not get the chance to be enrolled in TVETs or join pre-university preparatory schools.

Youth Employment

As highlighted in the chapter on urban productivity, the youth are the hardest hit by unemployment. Current youth employment-related interventions in urban areas focus on the expansion of TVET education and creation of employment under the MSE program, while efforts are also underway since recently to incorporate entrepreneurship education in school and university curricula as a way of encouraging the youth to start their own businesses. City administrations also facilitate the provision of small loans by way of encouraging them to establish their own businesses as part of the MSE development strategy. Skills gained from TVET centres are giving the youth a more competitive edge in the labour market than before.



PLATE 5-1 **EMPLOYMENT CREATION THROUGH HOUSING DEVELOPMENT**



PLATE 5-2 SKILL IMPROVEMENT, INCOME GENERATION AND EMPLOYMENT

With the support of the government, cities in Ethiopia including those covered by the present study have exerted efforts towards creating jobs for the youth partially through the integrated housing development program as well as labour-intensive cobblestone road projects. Although this is purely a youth oriented programme, it has upstream and downstream benefits for the entire urban community. The youth are engaged right through the value chain from material extraction, masonry, manufacturing of cobblestone road kerbstones, manholes and drain covers to the actual construction of the cobblestone roads.



PLATE 5-3 YOUTHS WORKING ON A COBBLESTONE ROAD PROJECT

Although employment in the private sector including self-employment is getting increasing importance, there is still strong expectation on the part of the youth to be employed in the government sector. This highlights the need, among others, to mainstream entrepreneurship education in school curricula, to provide support for the private sector development as a way of encouraging the youth to start their own businesses, and to provide various kinds of career-oriented advice to job seekers to enhance their chance of getting employment.

Until recently there was no policy that specifically addressed youth issues. The 2004 Ethiopian National Youth Policy was designed at national level including a youth package to deal with youth issues. The policy recognizes disproportionate, under-representation of youths and unemployment of this urban group. This policy was designed to solve economic, social and political problems of the youth. Cities are expected to develop youth programs that promote inclusiveness in these spheres to complement Federal Government policies.

Life Skills

Notwithstanding the emphasis given to imparting employable skills and entrepreneurship education in recent years, the attention currently accorded to imparting basic life skills in school curricula is limited. The imparting basic life skills will prepare the youth to be successful in their education as well as living and working in diverse settings within the country and beyond.

An emerging trend in urban areas, apart from an increasing number of students who live far from their families once they join TVET institutions or universities outside their home town, is the situation whereby newly employed TVET and University graduates move out from their families to pursue their private life. This is one of the areas basic life skills make a difference in the lives of the youth who should make decisions regarding their careers and/or forming their own families. Another important issue worth stressing at this juncture is that cities should be prepared to address the demand for housing by the youth who have specific preferences (e.g., inner city located, single roomed rental houses).

The imparting of basic life skills is also important in view of a growing youth migration - both legal and illicit - to various parts of the world in search of greener pastures of employment. Migrant youth are invariably exposed to extreme dangers of human trafficking often risking their lives, while their life chances could be enhanced if, apart from employable skills, they possess life skills that will help them cope up with changes (emotional, climatic, cultural, etc.) they would face before, during and after migration.

Youth Reproductive Health

Apart from general public health services, adequate heed should be given to reproductive health education and family planning services targeting the youth in view of their exposure to sexually transmitted diseases including HIV/AIDS as well as the need to protect female youth from unwanted pregnancy and abortion. Although there are reproductive health family planning programs run by NGOs, there is a need to coordinate these efforts for a better impact. The youth should also be supported to lead healthy life-styles that are free from smoking, alcohol and use of hazardous substances as well as sexual abuse.

Youth Engagement in Civic Affairs

The Youth Policy (FDRE, 2004) encourages the participation of the youth in the country's economic, social, cultural and political development endeavours and to fairly benefit from the outcomes which also constitute their constitutional rights. Though expected to vary across schools and cities, there are experiences whereby the youth participate in various types of school-based clubs (for art, environment, HIV/AIDS, traffic, etc.) that constitute extra-curricular activities. City administrations also actively support the formation of youth associations as part of social mobilization towards the implementation of policies such as MSE development program. Some of the youth also participate in NGO-affiliated associations that are formed around social issues such as HIV/AIDS protection and care, environmental

protection, etc. Generally, however, only a small fraction of the youth is reckoned to participate in such associations against a backdrop of the experience of state controlled youth associations during the previous regime. The youth should be encouraged to establish and actively participate in school-based clubs as well as form their own associations in specific areas of their interest, which will prepare them to be active citizens in the society. Cities should encourage the engagement of the youth in civic affairs as it will enable factoring in their needs in local development programs as well as tap into their talents, energy, and motivation towards the development of their schools, neighbourhoods and beyond.

5.1.8 CIVIL SOCIETY PARTICIPATION

Traditional community groups such as *Idir* that operate as informal organizations and non-governmental organizations that should be formally registered as per the Charities and Societies Proclamation No. 621/2009²² are commonly available in major urban centres and their involvement in urban development processes is an important aspect of creating inclusive cities. NGOs and CBOs that operate in urban areas should be seen as important partners for inclusive urban development as they have various direct and indirect contributions to urban development. NGOs operating in urban areas play major gap-filling roles in sectors where the capacity of city administrations to deliver services is constrained by financial resources including: urban poverty alleviation (promotion of income generating activities and saving and credit associations), human development (nutrition, health and education), prevention and control of HIV/AIDS, provision of educational and health related support to marginalized groups of the society (Dessalegne, Akalewold and Yoseph, 2008). Accordingly, the major beneficiaries of NGO programs are marginalized households, destitute women, youth without opportunities for education and employment, PLWHA, the elderly, PWD, street children, commercial sex workers. Apart from the services they directly provide to their beneficiaries, NGOs mobilize domestic and foreign finance for development, contribute to significant employment and tax revenues as well as bring in relevant expertise and development orientated experiences.

Regional governments as well as Addis Ababa and Dire Dawa city administrations have specialized offices for civil societies the responsibilities of which include: issuance and renewal of licenses, supervision of civil societies/ associations, collation of information on NGO operations, provision of support for introducing better administrative systems, and organization of consultative forums with stakeholders. The actual operation of these government offices focuses on the licensing and general supervision of NGOs, while the efforts they exert towards coordinating and integrating the activities of NGOs in city management is generally limited. Cities like Addis Ababa, Dire Dawa, Adama, Bahir Dar, Mekele and Hawassa host large numbers of urban-based NGOs that are known to operate in larger cities with recognized social problems. Box 5.5 depicts an example from Hawassa of a profile of NGO areas of activity.

²² The operation of civil society organizations (a broad term encompassing various types of NGOs and CBOs) is regulated as per the Charities and Societies Proclamation No. 621/2009 promulgated by the Federal Government to “aid and facilitate the role of charities and societies in the overall development of Ethiopian peoples.” The proclamation provides for different categories of civil societies/ charity organizations, while it is not applicable to religious organizations, ‘Idir’ and ‘Equib’ as well as other religious or cultural associations.

BOX 5-5 NGO PARTICIPATION IN HAWASSA CITY

The information on NGOs covers names of the organizations, names of the project, sector of operation, address of the project office, duration of the project, amount of budget, number of beneficiaries, and names and telephone addresses of the contact persons. Most of the NGOs concentrate on the provision of support to children followed by HIV/AIDS prevention and support to PLWHA.

Area of Intervention by NGOs	NGOs
Childcare, rehabilitation and development + Child sponsorship programme	33
HIV/AIDS prevention, care and support to PLWHA	13
Support to persons with disability	4
Participatory resource management for sustainable livelihoods	3
Creating safe school environment + reducing the vulnerability of college and university students	3
Family planning and reproductive health	2
Women empowerment	2
Improving the welfare of disadvantaged groups and the needy	2
Integrated community-based development	2
Protection of child marriage, female genital mutilation and sexual violence	1
Civil society capacity building support	1
Integrated equine health and welfare	1
Electronic waste management	1
Youth support	1
Others	6
Total	75

Source: (Hawassa City Administration, 2013).

5.2 POVERTY AND INEQUALITY IN URBAN CENTRES

Ethiopia employs the incidence of consumption poverty as the main instrument for tracking poverty and welfare. The current national poverty line measurement and analysis of poverty and inequality in the country applies food consumption index based on a minimum calorie requirement per adult per day of 2,200 kilo calorie, a consumption-based estimate of "food poverty" line set in monetary terms at ETB 1,985 per adult per year, and a consumption-based estimate of "total or absolute poverty" line set at ETB 3,781 per adult per year (Ministry of Finance and Economic Development (MoFED, 2013).

The level of per adult consumption expenditure at 2011 constant price for urban areas was ETB 9,176 in 2011, ETB 6,661 in 2005, and ETB 5,326 in 2000 representing an increase of 37.8% from 2005 to 2011 and 25% from 2000 to 2005. This was higher than the level in rural areas at ETB 4,976 in 2011, ETB 4,402 in 2005, and ETB 4,069 in 2000. The rate of increase for rural areas, i.e. 13% from 2005 to 2011 and 8% from 2000 to 2005 was also lower compared to urban areas (MoFED, 2013). Food consumption expenditure accounted for 53, 50, and 47% of total consumption expenditure in urban areas in 2000, 2005, and 2011, respectively, while in rural areas it constituted 67, 57 and 53% of total consumption expenditure in 2000, 2005, and 2011, respectively (MoFED, 2013).

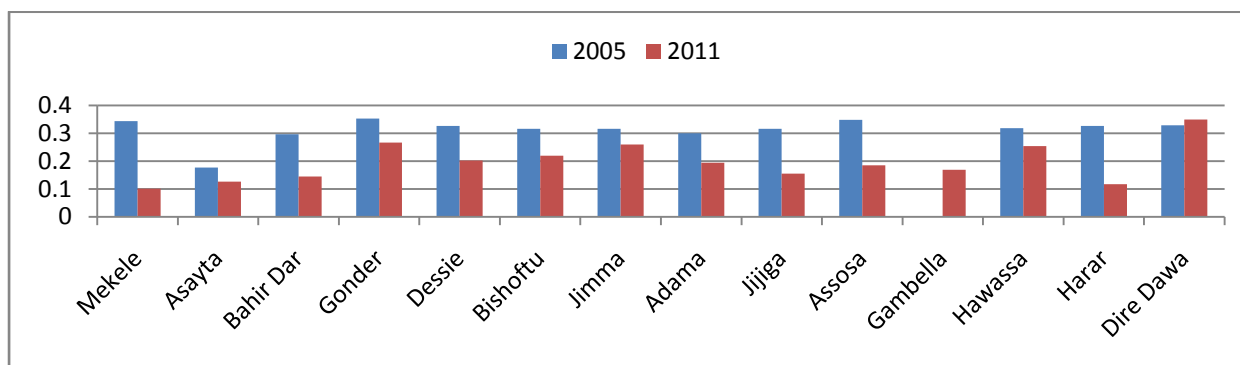
5.2.1 URBAN POVERTY TRENDS

This sub-section assesses the status and trends of poverty in urban areas based on three most commonly used poverty indices²³, namely (1) Incidence of poverty (Head count index), (2) Depth of poverty (Poverty gap), and (3) Poverty severity (Squared poverty gap).

In 2011, 29.6% of the country's population was below the national poverty line, while the incidence of poverty in urban and rural areas was 25.7 and 30.4%, respectively. This represented a significant decline in comparison to the index in 2005, i.e., a decline of 23.5, 26.9, and 22.7% for the country, urban centres, and rural areas, respectively. Incidence of poverty in urban areas further declined to 23.8% in 2012 and 22% in 2013, while, in the rural areas it had declined to 28.6% in 2012 and 26.8% in 2013 (MoFED, 2013). The incidence of food poverty increased in urban areas to reach its peak in 2000 at 46.7% (higher than rural areas) before declining to 35.3% in 2005 and further to 27.9% in 2011. However, food poverty index was higher than total poverty head count index for urban areas in 2011.

Considering regional differences in the incidence of urban poverty in 2011, Dire Dawa City Administration had the highest index at 34.9% followed by Gambela, 30.7%, Amhara, 29.2%, and Addis Ababa City Administration, 28.9%, all above the national average. In contrast, relatively lower incidence of urban poverty was observed in Harar and Tigray regions, i.e., 11.7% and 13.7%, respectively. The analysis also revealed a decline in the incidence of urban poverty between 2005 and 2011 in all regional states and Addis Ababa City, while in Dire Dawa City Administration, poverty incidence increased by 6.1%. During the period, significant declines in urban poverty were achieved in Harar at 64.1%, Tigray, 62.7%, Benishangul-Gumuz, 38.3%, Somali, 34.6%, SNNP, 32.6%, and Oromia, 28.3%. On the other hand, in Addis Ababa City, Afar, and Amhara regions the incidence of urban poverty declined by rates lower than the average for urban areas (MoFED, 2013). The trend in poverty head count for the cities of the study is indicated in Figure 5.5.

FIGURE 5-5 POVERTY HEAD COUNT INDEX TREND FOR SELECTED CITIES (2005 – 2011).

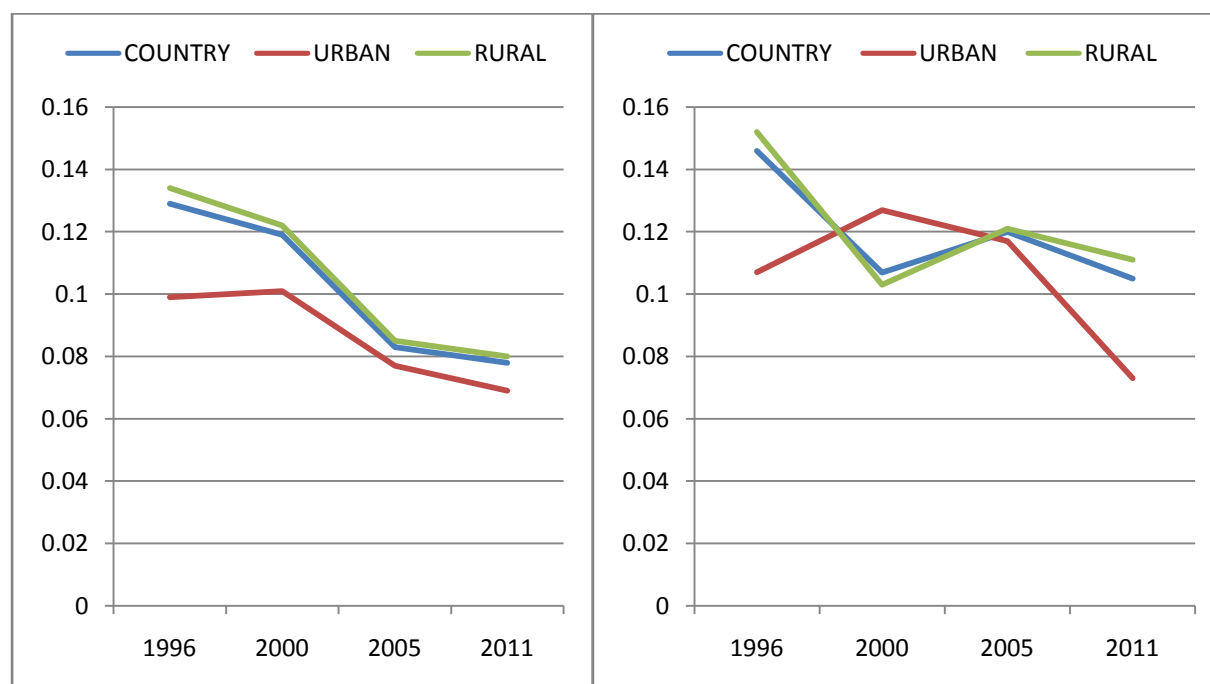


Source: (MoFED, 2013).

²³ According to MoFED, Incidence of Poverty (head count index) indicates the percentage of population whose income or consumption is below the poverty line and cannot afford to buy a basic basket of goods. Poverty Gap, on the other hand, measures the depth of poverty and provides information about how far households are from the poverty line. It captures the mean aggregate income or consumption shortfall relative to the poverty line across the whole population. Poverty Severity or squared poverty gap takes into account not only the distance separating the poor from the poverty line, poverty gap, but also the inequality among the poor. The index places a higher weight on those households further away from the national poverty line.

Between 2005 and 2011, there was decline in poverty head count index in all cities, except Dire Dawa, where the index increased by 6%. In 2011, the poverty gap index for the country was 7.8% while the index for urban and rural areas was 6.9% and 8%, respectively (Figure 5.6). Considering regional differences in the depth of poverty in urban areas, in 2011 the index was the highest in Gambela at 12.7% followed by Dire Dawa City, 8.9%, Amhara, 8%, Addis Ababa City, 7.3%, SNNP, 7%, and Oromia region, 6.9%. On the other hand, the poverty gap index was relatively lower in Harar at 2% and Tigray, 3.3%.

FIGURE 5-6 TRENDS OF TOTAL (L) AND FOOD (R) POVERTY GAP INDEX (1996 – 2011)



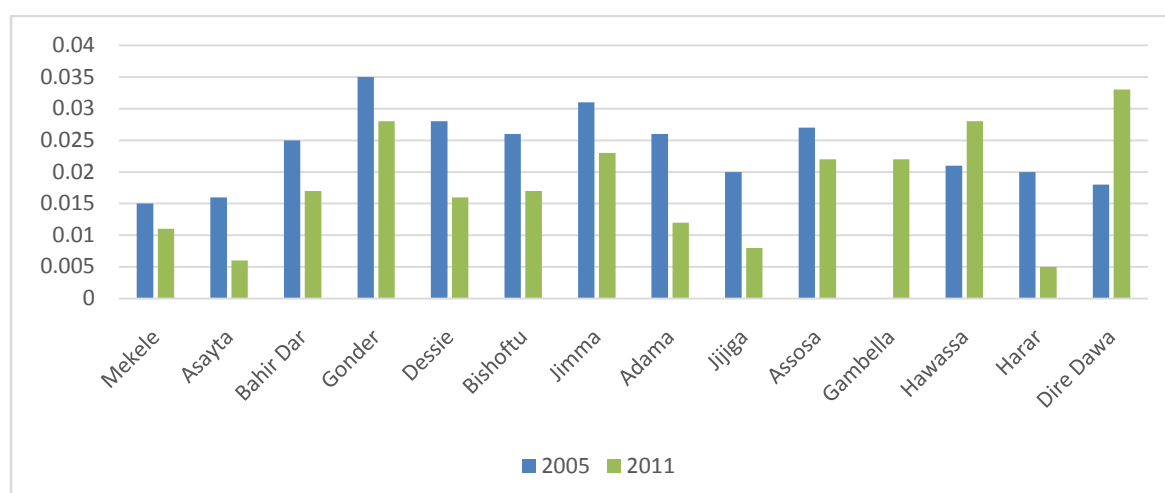
Source: (MoFED, 2013).

Between 2005 and 2011, the poverty gap has declined by 5.5% for the country, while it declined by 10.1% and 5.5% for urban and rural areas, respectively. During the reference period, the depth of poverty for urban areas has declined in all regions, except Dire Dawa and Addis Ababa city administrations where the poverty gap widened by 37.2% and 15.3%, respectively (MoFED, 2013).

Among regions where the poverty gap in urban areas declined, significant reduction was achieved in Harar at 71.2%, Tigray, 58.2%, Somali, 32.2%, and Benishangul-Gumuz, 23.4% (MoFED, 2013). In 2011, Dire Dawa had the highest poverty gap of 8.9% followed by Gondar, 6.9%, and Hawassa, 6.9% (Figure 3.7). On the other hand, the depth of poverty was lower in Aysayita²⁴, Harar, Jigjiga and Mekelle cities.

²⁴Asayta town was the largest urban center in Afar Region before the recent establishment of Semera as the region's administrative capital.

FIGURE 5-7 TRENDS OF TOTAL POVERTY SEVERITY FOR SELECTED CITIES (2005 – 2011)



Source: (MoFED, 2013).

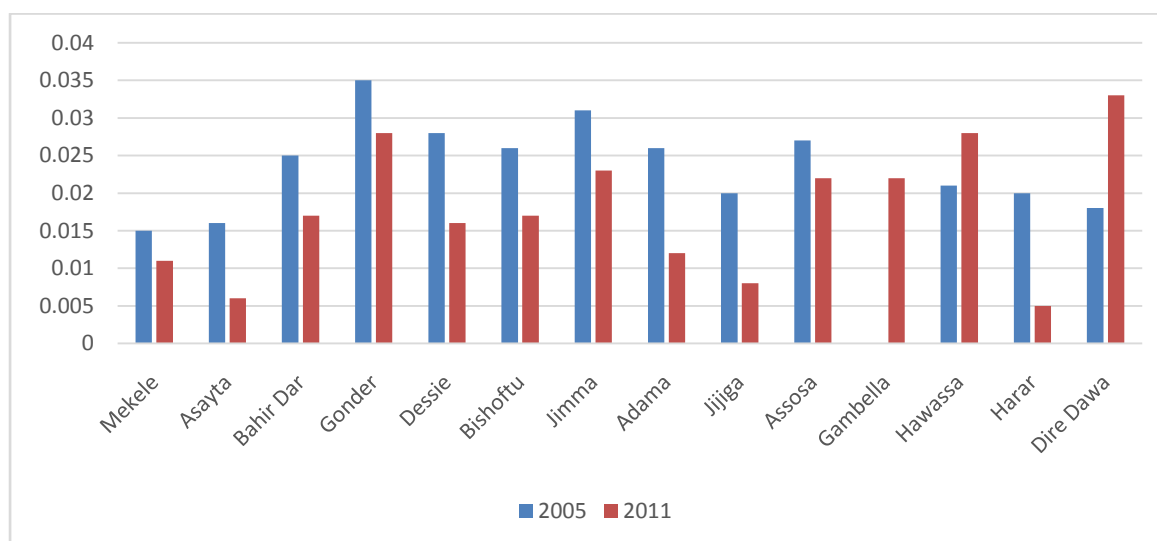
At the city level, between 2005 and 2011, there was considerable narrowing of the poverty gap in all cities, except in Dire Dawa and Hawassa, where poverty gap widened by 36.9% and 6.1%, respectively. Other cities realized significant reductions in the depth of poverty during the period, i.e., Harar, 71.8%, Jigjiga, 53.2%, Mekelle, 51.6%, Aysayita, 50%, Adama, 47.2%, Bahir Dar, 46.4%, and Dessie, 38.7%. For other cities, the rate of decline in the poverty gap was relatively lower.

In 2011, severity of poverty was 3.1% for the country while it was 3.2% and 2.7% for urban and rural areas, respectively. Considering regional differences in poverty severity for urban areas, in 2011 the index was highest in Gambela at 6.6% followed by Dire Dawa City, 3.3%, and Amhara region, 3.2%. On the other hand, poverty severity in urban areas was relatively lower in Harar, Tigray, and Afar regions (MoFED, 2013).

Between 2005 and 2011, poverty severity index declined by 14.4% for the country, 5.1% for urban areas, and 17% for rural areas. During the period, severity of poverty in urban areas declined in all regional states, except Dire Dawa City, Addis Ababa City, SNNP, and Oromia regions where the index increased by 84.5%, 40.4%, 16.7%, and 4.8%, respectively. Among regions where poverty severity in urban areas declined, Harar, Tigray, Somali, and Afar registered significant rates of decline (MoFED, 2013).

In 2011, the following cities had higher poverty severity indexes, i.e., Dire Dawa, 3.3%, Hawassa, 2.8%, and Gondar, 2.8% (Figure 5.8). On the other hand, Harar, Aysayita, Jigjiga, and Mekelle cities had relatively lower poverty severity index. Between 2005 and 2011; there was considerable decline in poverty severity in all major cities, except Dire Dawa and Hawassa, where poverty severity index increased by 83.3% and 33.3%, respectively.

FIGURE 5-8 TRENDS OF TOTAL POVERTY SEVERITY FOR SELECTED CITIES (2005 – 2011)



Source: (MoFED, 2013).

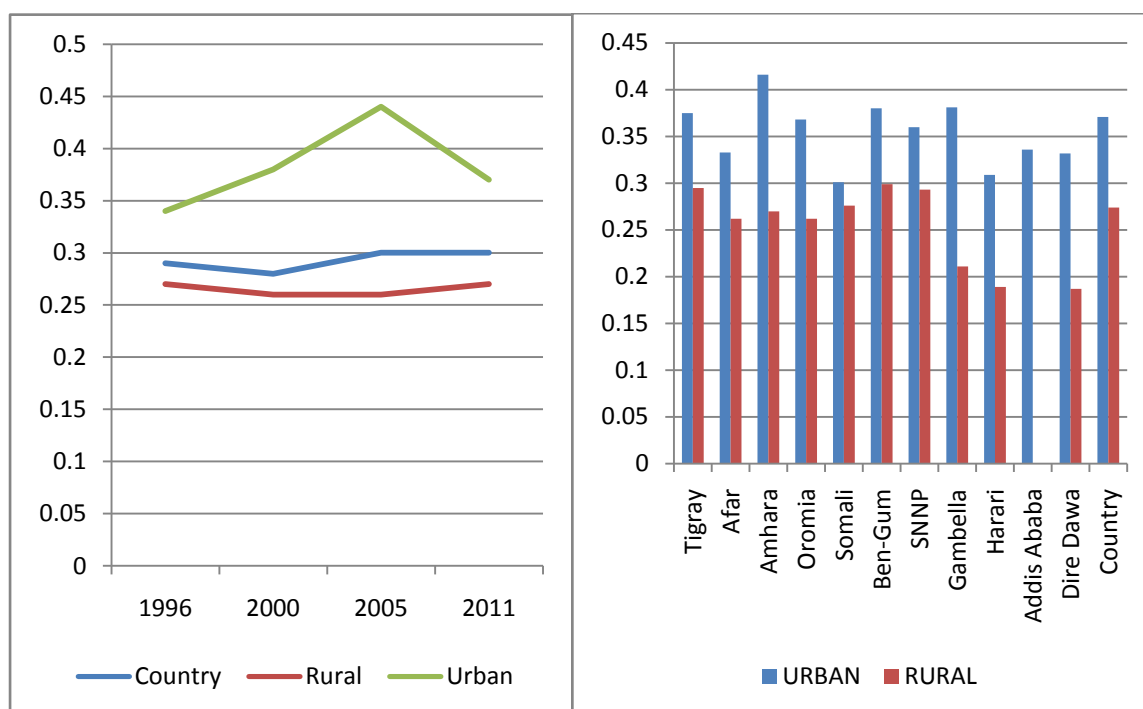
During the period, there was significant reduction of poverty severity index in the following cities, i.e., Harar, 75%, Aysayita, 62.5%, Jigjiga, 60%, Adama, 53.8%, Dessie, 42.8%, Bishoftu, 34.6%, and Bahir Dar, 32%. For other cities, the decline in poverty severity index was relatively low.

The low performance of the Dire Dawa City Administration in all the three indices of poverty is reckoned to be associated with the dynamics of the local economic base, namely the direct and multiplier effects of the decline in contraband trade that was taking place in the city and had important role in previous years, significant labour shedding that occurred after the privatisation of the Dire Dawa Textile Industry that used to be a major employer in the city and, in more recent years, the effects of the temporary halt in the railway transport service between Addis Ababa and Djibouti due to the ongoing railway network rehabilitation project.

5.2.2 CONSUMPTION INEQUALITIES IN URBAN CENTRES

In 2011, the index of consumption inequality measured by the (Gini-Coefficient) for the country was 0.298, while the index was 0.274 and 0.371 for rural and urban areas, respectively (Figure 3.9L). This reflects higher inequality in urban centres than in rural areas. While there was no significant change in inequality in rural areas and the country at large, in urban areas inequality index increased to the peak of 0.44 in 2005 and declined to 0.37, in 2011 consumption inequality in urban areas was higher than in rural areas of all regions. Further, as (Figure 3.9R), below, illustrates, in the same year, inequality in urban areas for the regions, higher inequality measured by Gini-coefficient was indicated in the regions of Amhara, 0.416 followed by Gambela, 0.381, Benishangul-Gumuz, 0.38, and Tigray, 0.375.

FIGURE 5-9 NATIONAL (1996 – 2011) AND REGIONAL CONSUMPTION INEQUALITIES (2011)



Source: (MoFED, 2013).

On the other hand, as Figure 3.9R also indicates, Somali and Harari regions had the lowest level of inequality in urban areas, i.e., 0.301 and 0.309, respectively.

The above demonstrate the progress made in reducing poverty in both the rural and urban areas of the country in recent years. In urban centres, significant progress was achieved in poverty reduction, particularly since 2005 when the government adopted pro-poor and pro-growth development policies, strategies, and interventions. The MSE development programme, which is discussed in Chapter 2 on urban productivity, has made a significant contribution to poverty reduction by creating employment opportunities for unemployed women and youths.

5.2.3 THE NEED TO INSTITUTIONALIZE SUPPORT TO VULNERABLE GROUPS

It is a high time for cities to come up with interventions to enable them address the socio-economic problems being faced by the poorest of the poor, which they can implement with the support of higher levels of government. The problems being faced by these vulnerable groups is not something that can be treated in the same way as those of the able bodied ones that can be self-employed or employed in the formal sector. As mentioned in the chapter on productivity, the MSE development program was aimed at reducing unemployment and poverty and it was implemented in connection with labour intensive government financed public works projects and municipal services. These included tasks such as the construction of condominium housing, university buildings, cobblestone roads and drainage canals as well as environmental protection related activities such as door-to-door collection of solid waste. As most of these public work and environmental services related activities are financed by budgetary allocations by local governments, they are more attuned to be implemented in connection with safety-net related interventions similar to those safety net programs being implemented in the rural areas in connection with environmental protection measures such as watershed management, soil and water conservation and the construction of rural roads.

The Federal Government, recognizing food insecurity as a developmental problem to be addressed in urban areas as well, has recently developed an urban productive safety net strategy (MUDHCo, 2015c). The strategy focuses on vulnerable groups of the society that are reckoned to be prone to food insecurity because of lack of regular source of income including persons with physical and mental disability including the elderly who cannot be gainfully employed, families with orphaned children and persons living with HIV/AIDS who need direct financial support as well as commercial sex workers, street children and beggars. The latter group in particular would also need to be rehabilitated through counselling and life skills training so that they can develop positive attitude towards productive work.

The MUDHCo is currently developing a 10 year program for urban productive safety net (MUDHCo, 2015b) for possible funding by the government and development partners. The endorsement and eventual implementation of this program is believed to provide leverage for cities to address the severe poverty situation among the vulnerable groups that also include non-able bodied persons. It would also be prudent to conceptualize and implement the urban productive safety net strategy along this line so that the MSE strategy can be further promoted with an approach that focuses on achieving economic growth. The implementation of the urban productive safety net programs should not be confused with that of the MSE development strategy that should be managed with a pro-growth orientation.

The urban productive safety net strategy also recognizes that absence of effective targeting and lack of coordination among various pro-poor interventions being made by governmental as well as non-governmental institutions is resulting in wastage of resources and dependency syndrome on the part of those who could be productively engaged in the economy. An important aspect that would ensure the success of these interventions is the identification of appropriate target groups. Such programs should be implemented with utmost attention to transparency and accountability, especially regarding the targeting of such support that can benefit from the application of ICT.

5.3 SAFETY OF CITIES

The demographic and physical expansion of cities often results in congested residential, commercial and industrial activities and multi-storey buildings that make them prone to a variety of natural and man-made disasters. The most common types of disasters in the urban setting include fire hazard, flooding and landslides and their occurrence is expected to be exacerbated by the effects of climate change.

City administrations have a duty to protect residents and property from disasters such as fires, floods, storms and earthquakes. Best practice is for cities to develop comprehensive disaster management plan, which addresses elements of manpower, equipment availability and deployment. Safety issues considered in this report are: fire-fighting, crime, traffic safety, building and flood risk.

5.3.1 FIRE-FIGHTING

Fire hazards are reckoned to be the major types of disasters that occur in urban areas of Ethiopia, even though there is no systematic documentation and analysis made on the occurrence of disasters that are expected to be part of police records on special events. Over the past years, repeated fire hazards have occurred in the major commercial centres of bigger urban centres such as Hawassa, Bahir Dar, Harar and Jigjiga. The level of preparedness of cities for fire and other type of disasters is generally limited. Only Addis Ababa has a specialized agency for disaster preparedness, while Mekelle, Dire Dawa and Harar have fire

fighting brigades organized under police departments. Many cities do not have dedicated units that deal with fire and other disasters, while those that have organized fire fighting units face serious shortage of professional staff. For instance, it has been observed that some cities could not readily use the equipment they acquired via ULGDP I and sister city arrangements due to lack of trained personnel (MUDHCo, 2015a).

The number of fire-related incidents can be an indicator of urban safety. Existence of fire-fighting equipment and staff was used to measure the level of preparedness of urban centres towards fire disasters. Data obtained from 15 urban centres shows that even cities with big populations such as Mekelle, Dire Dawa, Adama, Mekelle, Jigjiga, and Hawassa have insufficient fire-fighting preparedness. Absence of fire-fighting equipment would make fire brigades ineffective even in cities with big fire crews such as Mekelle and Dire Dawa.

Traditionally, Ethiopian communities voluntarily participate in fire fighting, which complements the efforts of permanent city fire-fighting brigades and fortifies community resilience against disasters to enable more effective fire and other disaster management. Despite the presence of significant social capital associated with the presence of voluntarism in the various cities, communities remain vulnerable to the risks of fire since they are not trained to effectively cope in such emergencies. The private sector must also be included by way of PPPs and development partners to strengthen fire disaster preparedness given the fact that most cities lack financial and other capacities to deal with emergencies on their own.

Overall, cities are yet to take bold initiatives to collaborate with and benefit from capabilities and capacities of other agencies such as the Ethiopian Airports Authority and large-scale manufacturing plants, which have standby crews and fire-fighting equipment. Thus, city administrations should develop integrated disaster management programmes that go beyond fire-fighting as well as embrace different agencies such as the police, local branches of the Ethiopian Red Cross Society (ERCS), air port administrations and hospitals while making sure that infrastructure is constructed with disaster risk in mind.

5.3.2 CRIME

Unlike many cities in Africa where residents are constantly threatened by violent crime, Ethiopian cities are generally free from the scourge that puts them in comparative advantage than many other cities in the developing world. As it is the case elsewhere, the occurrence of crimes is relatively high in the larger urban centres than smaller ones. The crimes that occur in Ethiopian cities are in the main “Crimes of opportunity” rather than “organized crimes.”

Decentralisation of security services outlined in urban planning guidelines (provision of police stations at different levels) is also another preventive measure against crime. Moreover, cities are acting proactively as communities participate in neighbourhood level community policing programs organized by the local police. Moreover, cities have launched street lighting installation programmes to enhance safety of citizens during night time. However, cities are yet to embark on new urbanism principles that emphasise on the role of urban planning and design to encourage the community in keeping “an eye on the street”. On the other hand, in the context of city management, vandalism of municipal assets is another issue that requires attention.

5.3.3 TRAFFIC SAFETY

The indicator used for traffic safety is traffic related fatalities per 100,000 inhabitants. Although the right of ways of major roads in all of the 27 urban centres incorporate pedestrian paths, only cities like Bahir Dar have dedicated bicycle lanes. Standards for pedestrian roads

exist in the urban planning manuals, but cities, instead, tend to focus on traffic management measures such as traffic lights, zebra crossings and one-way streets rather than the design aspect that would contribute to lessening congestion.

Ethiopia's National Road Safety Coordination Office was formed in 2002. The office has lobbied for tighter legislation and promoted innovative initiatives such as engaging high school students as learner volunteer traffic police details. The programme uptake in Dire Dawa has been high where it has only been targeting school going children who help police manage traffic at markets and around schools. Given the fact that road safety education can only reach 45% of the children attending formal schools (UNICEF, 2000-2007), much more needs to be done by city administrations to widen inclusion. For instance, according to Ruth and William (2010), road traffic safety programmes tend to focus on motorized traffic but this approach, though helpful, excludes other categories of road users and does not address the root cause of accidents in cities.

On street parking in residential neighbourhoods and garage dominated townhouse designs are prevalent in many cities. However, around most public buildings, the public seldom use the underground parking facilities thereby causing avoidable traffic jams compromising the general traffic safety. Data obtained from the 27 cities indicates that administrative capitals of the emerging regions such as Jigjiga, Semera and Gambela are the hardest hit by traffic accidents. In these cities traffic management measures are not yet fully developed. A high death rate is also recorded in Kombolcha and Bishoftu where this is attributable to poor road conditions. In spite of numerous interventions, traffic fatalities remain high at 114 per 10,000 vehicles annually; with the figure projected to increase by 20-30% annually (ERA). This is much higher compared to 1 fatality per 10,000 vehicles in the UK (Department of Transport, 2006).

Billboards are used as means of public awareness by police departments in several cities and major highways as part of the effort to promote traffic safety among citizens including PWD. Educational programmes on traffic rules, safety measures and regular reporting of the city traffic situation are also incorporated in FM radio programmes (MoLSA 2010). Regional governments have passed regulations with a view to ensuring the safety of pedestrians, drivers, and passengers as well as reduce the vulnerability of PWD to traffic accidents. Efforts, however, should go beyond awareness creation and include the promotion of PWD-friendly infrastructure designs that would facilitate the mobility of PWD and their access to infrastructure and services which are still underdeveloped or lacking in most Ethiopian cities.

5.3.4 BUILDING SAFETY

The safety of buildings is becoming an issue particularly in the bigger urban centres given the increasing importance of multi-storey residential, office and mixed use buildings. Among the SECR cities, Semera, Dessie, Kombolcha, Bishoftu, Adama, Hawassa, Shashemane, Dilla, Hossana, Wollaita Sodo, Arba Minch and Adigrat should take extra precautions as they are found in Zone 4 of the Ethiopian Rift Valley that is prone to seismic hazards. As mentioned in the chapter on urban planning and land management, the country has recently adopted a national building code, the major focus of which is ensuring the structural and fire safety of buildings. The Federal Government, regional governments and city administrations are in the process of establishing institutions that will look after the implementation of the recently enacted national building code (FDRE, 2009). Apart from the limited capacity to implement the national building code, capacity related constraints in the construction sector and the incidence of corruption in the management of construction-related contracts are factor to be considered in efforts aimed at ensuring the safety of private and public buildings.

5.3.5 FLOOD RISK

The occurrence of flood hazards is linked to the topographic features of urban centres and their environs. It frequently occurs in those cities established in low-lying areas such as Adama, Bahir Dar, Dire Dawa and Hawassa (Daniel, 2007 and MUDHCo, 2015a). Moreover, the absence of drainage networks and the expansion of informal settlements on environmentally sensitive areas such as river banks are reckoned to exacerbate the incidence of flood-related hazards. Cities are yet have flood management plans and basic infrastructure to enhance urban resilience to impacts of climate change. Some cities like Addis Ababa are shifting towards more sustainable flood risk policies encouraging investment in green infrastructure with the support of the Federal Government (Box 5.6).

BOX 5-6 ENVIRONMENTAL RELATED INITIATIVES TO ADRESS DISASTER ISSUES IN URBAN ETHIOPIA

In 2002, the Office for the Revision of Addis Ababa Master Plan set greenery and environmental norms and standards as components of the structure plan. The standards specified the amount of land to be left green to allow rain water to percolate into the ground, decrease water discharge and reduce run-off. The Urban Planning Proclamation No. 574/2008 stresses the need to safeguard communities and promote environmental sustainability. The revised standards for structure plan preparation and implementation indicate environmental aspects such as green areas, open spaces, water bodies and places utilized for common benefits. The policy sets buffer standards for lakes, rivers and streams to avoid impacts of overflow of such water bodies.

In 2013, MUDHCo adopted green infrastructure strategies, norms and standards. Principles promoted include building the capacity of MSEs and encouraging developers to manage their yards and environs as part of green infrastructure. The following elements are to be implemented in all urban centers of Ethiopia: parks; sports fields; roadside and squares; plazas and festive areas; river and riverside areas; lakes and lakeside areas; watershed areas; urban agriculture development; woodlots and green belts (inside and surrounding forests); private compounds and surroundings; institutional compounds and surroundings (both governmental and non-governmental); communal housing compounds and surroundings (condominiums, real estate, etc.); religious institutions compounds and surroundings; neighborhood open spaces; cemeteries; nursery sites; and green roofs and walls. There are also efforts being made by cities to promote environmental management, which have indirectly addressed flood risk by controlling storm water.

Source: (FDRE, 2008), (MUDHCo, 2012) and (MUDHCo, 2013).

Dire Dawa has suffered from major floods in the past few years, which cost human lives and millions in property damage. The City, in collaboration with neighbouring regions, initiated a watershed management programme to manage flood. The planned watershed management programme includes construction of check-dams and weirs for water conservation and restraining floods, construction of terraces along mountain slopes to reduce run-off and encourage ground water recharge, and re-forestation along the slopes draining towards the city. The plan is to be implemented under the 15-Year National Water Sector Development Programme, which started in 2007. The city's Disaster Emergency Unit still uses traditional methods such as sandbag and sand-bund to protect riverside dwellers from flood damage.

5.4 RECENT EFFORTS TO INSTITUTIONALIZE DISASTER PREPAREDNESS

The state-of-affairs regarding urban disasters in Ethiopia is linked, among others, to the absence of an appropriate policy and strategy framework, which would have served as a guiding light towards building capacity for urban disaster preparedness and mitigation. The National Disaster Management Strategy (FDRE, 2013) has a basically rural focus, while the issue of urban disasters was not adequately institutionalized at the various levels of government. The absence of a comprehensive strategy for urban disaster management has been a missing link in the capacity of cities to deal with disasters. As they could not get much support from higher levels of government, cities had to resort to reactively deal with disasters such as fire and floods with their available means and with strong residents' voluntarism (Box 5.7).

BOX 5-7 THE DRAFT URBAN DISASTER MANAGEMENT STRATEGY DEVELOPED BY MUDHCO

The institutionalization of disaster management in Ethiopia had a rural (drought related) bias and is still evolving. Previous disaster and risk assessment approaches were basically reactive and lacking holistic focus. The Federal Government has, as recently as 2013, issued policy and strategy guidelines on disaster management. The policy and strategy document recognizes that increasing urbanization in Ethiopia is likely to result in increased incidence of hazards such as fire and flood. MUDHCo is identified as the lead institution to coordinate the management of disasters that occur in urban areas with respect to infrastructure, building and other construction related hazards.

The MUDHCo has developed a draft strategy for "Fire and Other Hazards Protection, Preparedness, Control and Rehabilitation" (MUDHCo, 2015) to fill this gap. The draft document has adopted the wider definition of disaster management that encompasses taking preventive measures to pre-empt the occurrence of disasters, providing effective response when disaster strikes and rehabilitating affected persons and damaged infrastructure. Cities are expected to prepare disaster preparedness action plans and early warning systems as well as establish dedicated disaster management units. Larger cities are expected to establish branch offices for every 5 km radius, while the service standards stipulated in the draft urban disaster management strategy are: fire fighting truck (1:100,000 population), ambulance (1:50:000 population) and fire hydrants (500 meters distance). Moreover, industrial parks, fuel depots and large scale manufacturing plants are required to have their own firefighting equipment and associated facilities.

The strategy encourages cities to organize volunteer supported emergency response mechanisms, which engage safety committees to be formed in industrial establishments, CBOs such as *Idir*, youth and women associations, religious institutions, the media, school clubs, etc. The support to be organized should encompass organizing and deploying the necessary logistics for first-aid and ambulance services; evacuation and counseling of affected persons; provision of food, water, clothing and shelter; arranging sanitation and health facilities to control the occurrence of water borne and other communicable diseases; taking measures towards restoring the livelihoods of affected persons; and reconstruction of damaged infrastructure. The provision of such supports should give heed to the vulnerable sections of the society such as children, pregnant women, the elderly and persons with disability.

Source: (MUDHCo, 2015a).

5.5 CONCLUSIONS AND KEY MESSAGES

The current state of inclusion, poverty and safety in Ethiopian cities has a multiplicity of policy implications, which should be tackled both at national, regional and city levels.

City administrations should revisit the institutional and organizational arrangements they have put into place to deal with the plight of vulnerable groups of the society: As initiatives towards mainstreaming issues related to women, vulnerable children, the elderly, PWD and PLWHA are relatively new, ensuring their proper institutionalization at the city level

would require holistic capacity building support that would comprise, among others, proper articulation and redefinition of the mandates of city administrations, putting in place appropriate organization structures, making available sufficient number of qualified staff and allocating sufficient budgets. Such capacity building interventions should help city administrations achieve effective inclusion of these marginal groups in city development strategies, programmes and projects in general and effectively coordinate the activities of non-governmental actors towards the socio-economic empowerment of these societal groups.

Cities have generally made progress with regard to gender inclusiveness although much more still needs to be done towards women empowerment: Gender programmes targeting certain regions need to be introduced or strengthened where they exist, as this will help reverse regional disparities especially in emerging regions where women's inclusion in city affairs remains low. Educational opportunities should be further opened up for girls and women so that they could be gainfully employed in high status/ high paying jobs at par with their male counterparts.

Associations working for child health and rights in urban areas can make a big difference on the ground provided their efforts are dovetailed with those of other actors: Reversing the current vulnerability trends requires concerted effort from various stakeholders. Community contribution is critical to restoring the integrity of vulnerable children. Increased educational support to be provided by the government and NGOs is the key to transforming the lives of these vulnerable children. Local governments should institutionalize child matters by way of providing support to and creating partnerships with NGOs, CBOs and FBOs.

Government at all levels should create the requisite capacity for the transition towards the global paradigm shift in the provision of support to vulnerable children: As the shift towards non-institutionalized care would take some time, there is a need to adopt minimum standards for institutional and/or family –based foster care services that will continue to be provided to vulnerable children at least in the short term perspective. This should be complemented by the documentation and dissemination of good practices in the provision of alternative care, which will also go a long way in building the capacity of cities to provide alternative support to vulnerable children. It is also imperative to create coordination among governmental and non-governmental organizations to avoid the duplication of efforts and waste of resources, which would also improve the coverage and effectiveness of services to be provided to vulnerable children. Moreover, participatory rapid assessments and/or surveys should be undertaken to come up with city level information on the number and problems faced by vulnerable children as this would serve as the basis for the preparation of realistic strategies and work plans.

Policies and programmes that are sensitive to the needs of the elderly would achieve commendable results in terms of bringing them on board in city development processes: The elderly as a group have diverse characteristics in terms of their needs as well as their material and intellectual resources. Support packages addressing the elderly should consider this diversity. Some of them if assisted can support the elderly and other vulnerable groups of the society. Many of them have rich experience and wisdom they have amassed before retiring and, if tapped properly, this can improve the effectiveness of local development processes. City administrations should therefore create participatory structures and processes that would allow bringing the elderly on board in local development processes and hence to identify their needs as well as take stock of their potential contributions.

City administrations should embrace disability issues as one of the major agendas of sustainable urban development: Urban administrations should work with associations already established by PWD, while they should also encourage them to form their own associations as

this can serve as a platform for fighting against their discrimination, articulating their needs as well as garner their support in local development processes. Cities should also create partnership with private actors and NGOs to provide more responsive educational and health services to PWD as well as their employability. The Federal Government should promote the adoption of inclusive design approaches in the planning and development of urban infrastructure with a view to ensuring better mobility of PWD as well as their access to social facilities and other public services.

Considerable progress has been registered in reducing new HIV infections and the marginalization of PLWHA, but concerted public education efforts are still required: Despite the achievements registered so far, the scourge remains a threat in many urban centres. The main problem to be tackled is attitudinal, which requires strengthening HIV/AIDS awareness creation programmes that can tackle a general trend towards complacency and reduce potential infections. This has to be supplemented by local economic development strategies to create good jobs for PLWHA, particularly women.

The implementation of youth orientated policy and programmes developed at sectoral level can bring sustainable results if the youth are put in the driving seat: City administrations and the community at large need more capacity and heightened awareness to deal articulately with youth matters that cover their health, education, employment and civic engagement as well as to prepare them for their future responsibilities as family heads. Unless cities implement youth programmes in an integrated manner and with higher fidelity, investments already made with the support of federal and regional governments in building youth infrastructure such as youth centres in many cities may not bring the desired results. Developing programmes with youth leaders and the youths themselves in a participatory framework is the way to sustainable youth inclusiveness.

City administrations should create systematic data bases to effectively coordinate the activities of CBOs and NGOs in mainstream development processes: Although several local and international NGOs implement various social programs and projects having different scope and target groups, their activities in the main are uncoordinated, which often results in duplication of efforts and wastage of resources, which is constrained by the lack of comprehensive data regarding the number, area of operation and types of projects, amount of resources allocated, specific target groups and number of beneficiaries, etc. of the various urban-based NGOs. City administrations should keep a computerized data base on the plans and activities of CBOs and NGOs, as this will help them develop more integrated city wide development programs and projects. The compilation of such information would also help in terms of the inclusion of the various target groups of these non-state actors in mainstream urban development and the sustainability of the various interventions.

Current MSEs development strategies should be complemented by growth orientated employment opportunities to bring sustainable impact on urban poverty: Despite the achievements registered by city administrations to create employment opportunities and to prevent the deterioration of the unemployment situation, all poverty indices, incidence, gap, and severity indicate that poverty remains the major development challenge in urban and rural areas of the country. In this regard, urban administrations need to adopt growth oriented measures that would complement the current safety net oriented approaches and enable them to sustainably address issues of poverty. This may include promoting private initiatives and PPP approaches that would help sustainably address issues of poverty.

The prevailing low levels of violent crime in Ethiopian cities give them a competitive edge over other African cities: Although crime is currently not a major threat in Ethiopian cities,

proactive measures to reduce its occurrence should remain a priority if urban dwellers are to continue enjoying the dividends of urbanization. Cities need to continue refocusing on programmes that pre-empt the propensity of committing crime by some residents. Unless this is addressed, cities will be forced to spend more and more on policing thereby diverting resources from other aspects of city development. Neighbourhood design programmes that combine economic objectives and crime prevention must be strengthened.

The existing high level of traffic accidents would require concerted efforts towards improving the road infrastructure as well as stepping up public education programs: Urban administrations should make concerted efforts towards improving the road infrastructure (e.g., constructing modern pedestrian walkways and dedicated bicycle lanes whenever possible) as the design and construction as well as condition of roads is one of the major causes for traffic accidents. City administrations should initiate public education programs that would address issues related to traffic safety. Traffic related public education programs should target the general public, drivers and their assistants, while special attention should be given to students of young age who are vulnerable to traffic accidents. Public education programs should also focus on the importance of regular vehicle inspection, while cities should strengthen their capacities to enforce traffic regulations.

Cities should be capacitated to properly implement building codes that contribute to ensuring the safety of buildings both during construction and actual use: In view of the emphasis currently given to densification of land use by way of the construction of multi-storey condominium housing, appropriate care should be given to include emergency fire exit/ stair cases. Cities should be capacitated to make regular audit of the safety of buildings serving as hospitals, schools, hotels, etc. Likewise, cities should make concerted awareness creating efforts about building safety targeting construction companies and their workers as well as real estate managers.

Cities need to invest in less costly but highly effective and more sustainable approaches like green infrastructure: Cities should promote the development of green infrastructure that can pre-empt flooding. Cities should also promote urban-rural linkages to tackle issues such as watershed management that invariably contributes to reducing vulnerability to flooding. Success in this regard would require involvement of more effective and diversified institutions such as those in urban planning and environmental management from national to local levels. Appropriate technical and financial support should be provided to cities so that they would be able to fully implement the green infrastructure elements.

Cities should adopt a more responsive and articulate disaster management architecture as a matter of urgency: Urban administrations should establish disaster management units with more holistic mandates that would replace the current focus on providing reactive response to disasters like fire incidents and flood. For example, the focus of fire fighting units should be broadened to cover flood risk as well, similar to the measures taken by the Addis Ababa City Administration to establish the Fire and Emergency Prevention and Rescue Authority, which is particularly important given the widespread existence of slums.

Cities should integrate disaster preparedness within urban planning practices: Planning approaches should be re-orientated to pre-empt as well as effectively respond to such and similar disasters. Measures to be taken in this regard include identification and protection of environmentally sensitive areas; designing of roads and open spaces taking into account the potential occurrence of disasters to facilitate disaster related responses; reserving space for disaster management orientated facilities such as fire fighting stations; arranging building blocks in such a way that they would serve as fire breaks; and reserving land for evacuation

operations during times of disasters. The preparation and implementation of urban plans should take into account the standards stipulated in the draft disaster management strategy.

Concerted efforts should be made at all levels of government to institutionalize disaster preparedness: Cities should establish dedicated units for disaster preparedness. Cities should also promote PPP approaches to involve the private sector in responding to disasters as well as urban-urban linkages towards joint acquisition of equipment such as ambulances and fire fighting trucks. Cities need to learn from each other and, whenever possible, combine their efforts to find sustainable ways of managing various kinds of disasters. MUDHCo should spearhead capacity building efforts that would enable the federal as well as regional governments to conduct regular audit of the disaster preparedness of cities. The Federal Government should also spearhead the design of curricula for specialized training and educational programs in urban disaster management that can be offered by local universities.

6.0 OVERVIEW

This chapter discusses urban planning and land management, which are the bedrocks of modern urban systems, by focussing on three broad themes -urban planning laws and regulations, development control and urban land management -each with sub-sections that outline the findings that are obtained based on selected indicators. The chapter concludes with a rendition of some policy implications and key messages.

6.1 URBAN PLANNING LAWS AND REGULATIONS

Given that urban planning is an essential part of sustainable cities, this section pays particular attention to urban planning frameworks, land use planning, market responsive planning and the use of land grades in determining lease prices. This discussion is principally based on data and information provided by city administrations, complemented with GIS analysis made using satellite imagery, to which the city administration provided inputs.

6.1.1 URBAN PLANNING FRAMEWORKS

The issues that are discussed under this subsection include the types of urban plans that are legally recognized, the mandates and capacities for urban planning and availability of current city-wide plans in those urban centres covered by the study.

Urban Plan Typologies

Three urban plan typologies are currently in use in Ethiopian cities: structure plan, local development plan and integrated development plan. According to the urban planning law adopted in 2008 (FDRE, 2008), a structure plan had to be used in conjunction with the local development plan (LDP) as a mandatory practice across all cities (Box 6.1). Structure plans were prepared for Addis Ababa and other urban centres during the 1990s even before their promulgation as mandatory plan typologies, while the country had also experimented with the IDP approach adapted from South Africa in preparing city wide plans for a number of cities during the early 2000s. All the 27 cities covered by the report are guided by city-wide plans that belong to any of the three typologies.

As can be observed in [Appendix 6.1](#), whilst the majority of the urban centres (17 towns, representing 62.9%) are guided by structure plans, only three cities, Hosanna, Mekelle and Wollaita Sodo have reported that they also use LDPs in combination with structure plans. Eight towns (29.6%) are using IDPs, whilst the remaining two cities (7.4%) use development plans prepared before the introduction of IDPs and structure plans.

DEFINITION AND CONTENT OF STRUCTURE PLAN

A structure plan is a legally binding plan along with its explanatory texts formulated and drawn at the level of an entire urban boundary that sets out the basic requirements regarding physical development the fulfillment of which could produce a coherent urban development in social, economic and spatial spheres. Any structure plan shall indicate mainly the following:

- a. the magnitude and direction of growth of the urban centre;
- b. principal land use classes;
- c. housing development;
- d. the layout and organization of major physical and social infrastructure;
- e. urban redevelopment intervention areas of the urban centre;
- f. environmental aspects;
- g. Industry zone.

Structure plan shall have an implementation scheme, which comprises the institutional setup, resource and legal framework.

Period of Validity: Structure plans shall be valid for a period of 10 years from the date of approval.

DEFINITION AND CONTENT OF LDP

A local development plan is a legally binding plan depicting medium term, phased and integrated urban upgrading, renewal and expansion activities of an urban area with the view to facilitating the implementation of the structure plan by focusing on strategic areas.

A local development plan shall prescribe the functions, development objectives, implementation strategies, role of implementing bodies, required institutions, local economic dynamism, urban design principles, concrete standards, spatial framework, budget and time of the implementation of a structure plan.

Any local development plan shall state, as may be appropriate:

- a. Zoning of use type, building height and density;
- b. Local streets and layout of basic infrastructure;
- c. Organization of transport system;
- d. Housing typology and neighborhood organization;
- e. Urban renewal, upgrading and reallocation intervention areas;
- f. Green areas, open spaces, water bodies, and places that might be utilized for common benefits;
- g. Any other locally relevant planning issues.

A local development plan shall have a detailed implementation scheme which specifies the institutional setup, resource and regulatory prescriptions needed for its implementation in a concerned area.

Implementation Period: A local development plan shall be implemented within the validity period of the structure plan.

Source: (FDRE, 2008).

The recently adopted urban plan preparation and implementation strategy (MUDHCo, 2014) suggests different typologies of urban plans to be adopted- although some of them are yet to be promulgated as legally binding urban planning typologies - ranging from “sketch plans” to be prepared to guide the development of emerging towns to “structure plans” to be prepared for large towns.

Mandates and Capacities for Urban Planning

Following the decentralization process, urban centres are given the mandate to prepare, approve and implement their own urban plans. All the 27 urban centres covered by the study are using urban plans that are approved (often following plan technical reviews by planners at the regional level) by their city councils. The majority of these city-wide plans are prepared by planning institutes established at the federal and regional levels, although some of them are undertaken by private consultant firms. Few cities like Addis Ababa, Adama and Mekelle have had experience in initiating and completing the preparation of city-wide plans through *ad-hoc* urban planning project offices.

As also indicated in the urban planning and implementation strategy (MUDHCo, 2014), the quality of urban plans is affected by the absence of up-to-date base maps, while their implementation is compromised by capacity limitations on the part of cities to prepare detail plans, absence of systematic cadastral systems, unethical behaviour of planners and undue interference from local administrators in the allocation of land for various purposes. Moreover, the absence of monitoring and evaluation system has resulted in the inability to make regular updating of urban plans as well as capacity building interventions.

Cities are facing serious shortage of experienced planners to provide efficient and effective urban planning related services. The provision of urban planning education in the country is confined to few universities, which has resulted in limited number of urban planners that could join the sector.²⁵ Moreover, many of the available planners prefer to join private practice, which generally offers better remuneration.

The preparation of urban plans and their implementation in a manner that will contribute to sustainable development of urban centres requires adequate capacities at regional and federal levels. Available urban planning related capacities at the regional level vary across regions, while they are more deficient in the emerging regions. Urban planning institutes established by the four bigger regions provide planning-related technical support to cities that lack the capacity to do so. This kind of support used to be directly provided by the then autonomous Federal Urban Planning Institute (FUPI).

The available capacities of regional planning bodies that also have regulatory mandates are thinly spread over numerous cities that exist in each region. There is a need to refocus and align the mandates and activities of the Ministry with that of the institutes established by the bigger regions or urban planning related support to be provided to cities by regional bureaus for urban development in other regions. As stated in the urban planning and implementation strategy recently issued by Ministry (MUDHCo, 2014), there is a plan to re-establish an autonomous federal level urban planning institution to be entrusted with wide capacity building and regulatory mandates. The proposed arrangement is seen as a way of addressing the capacity gap in urban planning and implementation that is observed at levels.

Availability of Current Plans

Considerable time elapses between the commissioning, finalization and approval of urban plans ([Appendix 6.2](#)). This often results in haphazard and unguided development of urban centres during the interim periods. For instance, although the plans of the majority of the urban centres got legal endorsement within a year, it took almost two years in case of Adigrat, Jimma and Dessie. Shire Endasselassie's plan, prepared in 2002, was approved after four years.

More than a third of the cities covered in this report have out-dated plans. The time horizon for all of the plans prepared for the cities is ten years and, according to the urban planning law and the associated manuals, a new plan had to be initiated at the end of the planning period, whilst a

²⁵The long standing universities that offer urban planning education are located in Addis Ababa and include the Addis Ababa University, the Ethiopian Civil Service University and Unity University (which is a private university). Arba Minch, Bahir Dar and Mekelle universities have newly established departments. Compared to other fields of specialized education, planning departments are known for their generally smaller annual intake.

revision had to be made midway after the fifth year of implementation. On the basis of the date of plan preparation, three categories of cities emerge: those with outdated plans, cities with active plans that served less than five years since the time of their preparation; and those that have passed the expected revision periods of five years. Adigrat, Debre Markos, Gambela, Harar, Hawassa, Jigjiga, Kombolcha, Mekelle, Nekemte, Semera and Wollaita Sodo have plans that have been out-dated for periods ranging from 4 to 8 years ([Appendix 6.2](#)).

City-wide plans of the majority of the cities need immediate revision or have to be revised within the next five years underlining the need to make regular follow-up and timely revision of the plans in line with what is stipulated in the urban planning manuals and standards. The only cities that have recently updated plans are Axum and Mekelle. As the remaining cities' plans have served for more than five years, their review and revision will be necessary. Addis Ababa City's plan is out-dated but is currently under revision. Among the factors that contributed to the backlog of plan revision tasks are capacity limitations in the cities and regional bureaux of urban development (the established regional urban planning institutes (RUPIs), the low level of involvement of the private consulting firms in the preparation of city-wide plans, and lack of financial resources on the part of city administrations to commission urban planning projects.

6.1.2 LAND USE PLANNING

The issues that are discussed under this subsection include the availability of base maps, the major land-use categories that are employed in land use planning as well as the application of zoning and plot size regulations in the implementation of urban plans.

Availability of Base Maps

The availability of digital copies of base maps, either in GIS or Auto-Cad format, is expected to ease their storage, sharing and regular updating. Yet, only eighteen of the 27 cities reported that they have copies of their base map²⁶ -ten cities in digital, six in paper format and two in both formats, while Hosanna and Semera reported that they do not have copies of the base maps (Table 6.1.) Information could not be obtained from the remaining seven towns.

Table 6-1 Base Map Availability in Municipal Offices by Format

No	Available			Unavailable
	Digital	Paper /Analogue	Digital and Paper	All Formats
1	Addis Ababa	Axum	Arba Minch	Hosanna
2	Adigrat	Debre Markos	Bahir Dar	Semera
3	Dessie	Gondar	Adama	
4	Dilla	Jigjiga	Jimma	
5	Dire Dawa	Kombolcha		
6	Harar	Wollaita Sodo		
7	Hawassa			
8	Jimma			
9	Mekelle			
10	Shire Endaslassie			

Source: SECR Field Survey, 2014.

The preparation and updating of base maps of cities, until recently, was done at the national/federal level. Currently, however, regional urban planning institutes/ units (in Amhara, Oromia, SNNP and Tigray) and regional bureaux for urban development in other regions

²⁶ Base maps that show the existing natural/physical and manmade features in the cities' proper that could be used as a base for the preparation of urban development plans/revision of plans.

perform this function. To a certain extent, private urban planning consultancy firms also participate in the preparation of base maps when regions and/or cities commission urban planning projects.

Land Use Categories

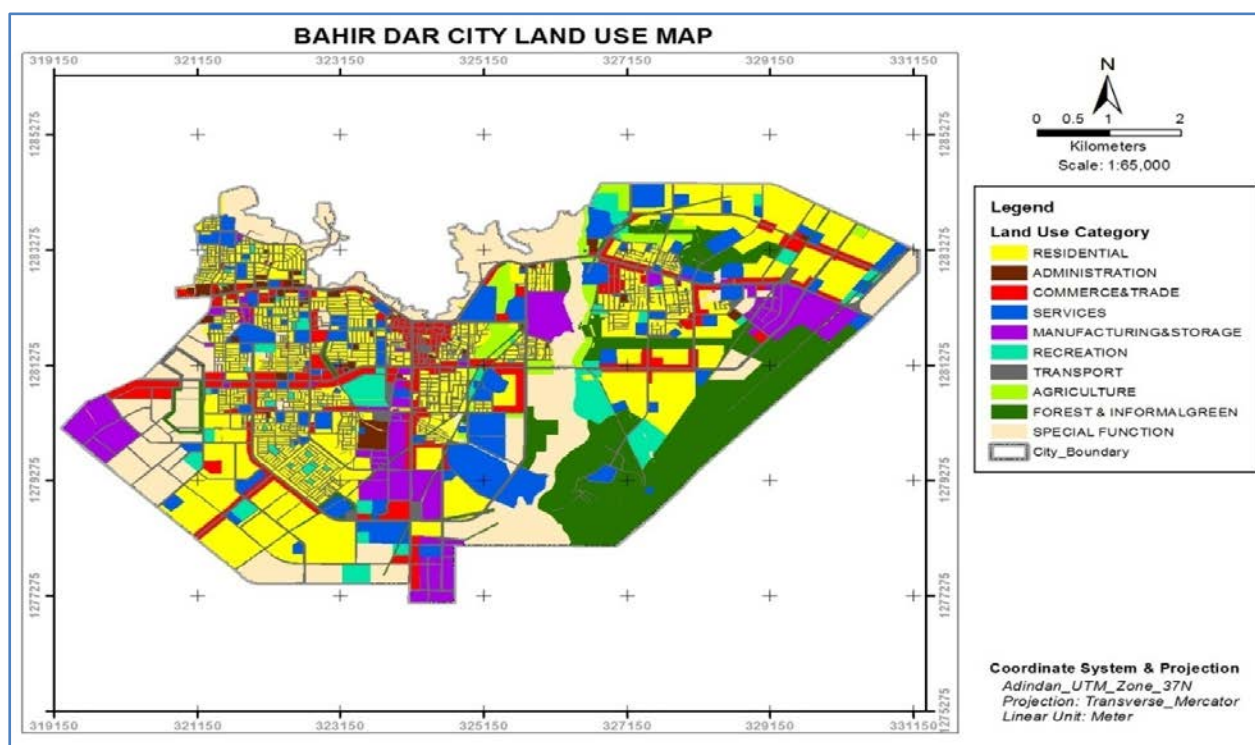
Although the development of urban centres are supposed to be guided by structure plans as per the standards set by the MUDHCo, understandably, there are differences in the proportions of land allocated under the various land use categories (Table 6.2). The assessment made on the 27 towns covered by this report takes into consideration residential, commercial, industrial, and green and infrastructure uses out of the seven major land use classifications, which according to the MUDHCo also include administration and social services.

Table 6-2 Total Area and Proportion per Land Use Classification

No	City/Town	Residential		Commercial		Industrial		Green Space		Infrastructure		Total Area (Ha)
		Ha.	%	Ha.	%	Ha.	%	Ha.	%	Ha.	%	
1	Addis Ababa	12,773.00	43.70	114.00	1.60	1,724.00	5.80	5,428.00	32.70	8,822.00	2.05	52,061.20
2	Adigrat	513.00	29.00	52.00	1.10	91.00	2.90	121.00		142.00	21.70	1904.10
3	Adwa	815.00	41.00	72.00	3.00	157.00	9.00	69.00		399.00	10.00	2294.00
4	Arba Minch	1,025.00	24.00	301.00	6.70	161.00	3.10	1,105.00	16.70	1,228.00	24.30	5,557.00
5	Assosa	485.00	31.20	82.00	5.63	66.00	4.40	255.00	16.90	263.00	13.20	1,511.35
6	Axum	334.00	14.00	53.00	1.60	52.00	1.20	41.00	7.70	328.00	15.70	2,200.00
7	Bahir Dar	1,381.00	27.00	369.00	7.00	339.00	7.00	812.00	14.00	1,288.00	23.00	5,111.87
8	Bishoftu	4,920.00	29.70	207.00	1.60	1,335.00	9.40	2,177.00	15.30	2,486.00	17.40	14,259.80
9	Debre Markos	2,733.00	45.00	570.00	9.40	220.00	3.60	1,115.00	18.40	485.00	8.00	6,054.36
10	Dessie	1,438.00	26.00	168.00	0.30	421.00	13.80	6,516.00	49.00	2,046.00	9.70	16,529.00
11	Dilla	585.00	34.70	91.00	1.50	100.00	2.40	159.50	7.45	698.00	21.50	2,141.20
12	Gambela	197.00	31.00	21.00	4.00	27.00	4.30	0.00		73.00	26.00	1,727.53
13	Gondar	2,944.00		171.00		123.00		6,553.00		1,488.00		
14	Harar	1,030.00	32.60	131.00	2.00	142.00	2.00	121.00	10.40	430.00	11.40	2,167.00
15	Hawassa	561.00	27.00	111.00	6.00	207.00	5.70	157.00	9.00	801.00	26.00	5,056.05
16	Hosanna	1,034.00	33.60	83.00	2.10	6.00	1.60	603.00	6.40	313.00	4.50	9,490.00
17	Jijiga	1,458.00		30.00		29.00		5.00		2,665.00		
18	Jimma	5,002.00	46.70	187.00	1.80	158.00	1.50	1,252.00	11.70	1,372.00	12.80	10,710.80
19	Kombolcha	447.00	23.60	30.00	1.60	500.00	26.40	47.00	4.50	416.00	23.00	1,893.40
20	Mekelle	4,522.00	22.00	374.00	2.00	1,183.00	5.70	7,378.00	36.00	315.00	3.20	20,605.10
21	Shashemane	4,263.00	32.30	1,292.00	9.80	1,292.00	9.80	2,448.00	18.60	3,238.00	24.60	13,180.10
22	Shire Endasselassie	374.00	35.70	53.00	4.00	137.00	8.70	325.00	21.50	299.00	14.00	1,431.00
23	Semera	101.40	7.50	53.70	4.00	100.00	7.50	157.70	11.80	588.00	43.80	1,341.00
24	Dire Dawa	1,126.10	14.70	191.00	2.00	371.00	3.90	3,368.20	35.50	1,017.00	10.80	9,457.23
25	Nekemte	1,358.60	25.30	183.00	3.40	219.70	4.09	1,902.50	44.00	485.40	9.00	5,370.37
26	Wollaita Sodo	1,463.40	45.70	173.60	5.40	135.90	4.20	230.09	7.20	902.60	28.20	1,727.53
27	Adama	1,220.00	9.30	200.00	1.50	2,033.00	15.50	2,049.00	15.60	2,733.10	20.80	1,3124.10

Source: SECR Field Survey, 2014

The amount of land under the various land use categories are indicated in Table 6.2 above. The average per capita land use (m²/person) is 129 for residential, 15 for commercial, 18 for industrial, 90 for green space and 77 for infrastructure ([Appendix 6.4](#)). It is not common for cities to frequently update their current land use profiles unless there is an imperative need to initiate a plan revision. The preparation of land delivery/provisioning plans is rendered difficult by the absence of land inventories and their regular updating, which could have facilitated the process of plot allocation.



Source: Integrated Development Plan of Bahir Dar, 2006.

Zoning Regulations

The application of zoning regulations foster efficiency in land use decisions and promote harmonious development by ensuring compatibility of land use activities. While land use zoning regulations serve as a basis for the implementation of city plans, only 20 towns (78% of cities included in the study) reported that they use them as the basic urban planning implementation tool, which they use as guidance while preparing case-by-case parcelisation plans. The preparation of LDPs in many cases is confined to a couple of sample LDPs that are prepared as implementation tools for already built-up parts of urban centres that accompany newly updated structure plans.

The remaining six cities including Assosa, Bishoftu, Debre Markos, Harar, Semera and Shashemane (22%), reported that they do not use land use zoning regulations as a basic planning tool. This situation poses a daunting challenge in making proper allocation of land for different uses, whilst it also points at the lack of local plan implementation capacity. It also underlines the need to conduct tailored training programs that would allow planners to get access to and internalize the relevant urban planning related manuals.

Plot Size Regulations

Cities follow different arrangements to define the maximum and minimum plot sizes, especially for residential use, even though they may not always comply with such plot sizes. The minimum residential plot size ranges from as low as 75m² for Harar to as high as 300m² for Semera town ²⁷ ([Appendix 6.5](#)). Regarding the maximum residential plot size, Dilla leads all the urban centres with a maximum plot size of 800m². In general, even though the majority

²⁷ Semera is one of the cities in the hot arid areas of Ethiopia, therefore, the relaxed minimum plot size for residential use might be to entertain the climatic situation of the area.

of cities have adopted structure plans, there is no uniformity in the minimum and maximum size of residential plots allocated in the different urban centres. A generally similar pattern is observed in four of the five cities from Tigray Region, where the reported minimum plot size is 100m², with the exception of Adwa with 250m². Adigrat, Mekelle and Shire Endaselassie use a maximum plot size of 500m². Nonetheless, this pattern is not repeated in other regions such as Amhara and Oromia where the minimum plot sizes adopted in the various cities is different. The lack of uniformity in plot sizes indicates that the size of plots allocated is not as per the standards set in the structure plan manual. Cities are expected to have discretion when determining such minimum plot sizes, however, depending upon their size, climatic condition and economic base as well as the availability of land.

In case of commercial plot size, Harar has the highest maximum plot size of 7,000 m² followed by Assosa and Bahir Dar with a maximum plot size of 5,000m² each ([Appendix 6.6](#)). The minimum commercial plot size ranges from the lowest, 33m² in Nekemte to the highest of 1,400m² in Gondar. Evidently, there is no uniformity in the minimum and maximum commercial plot allotment in the cities. On the other hand, the minimum plot size for institutional uses ranges from the lowest of 260m² in Jimma to maximum of 20,000m² in Hosanna. Regarding the maximum plot size for institutions there is a huge disparity among urban centres that range from 1,200 to 350,000m² plot of land. In this case, Dire Dawa is the urban centre that has the highest maximum plot size of 350,000m² followed by Dilla with 200,000m² ([Appendix 6.7](#)). It is likely that these large plot sizes refer to special industrial facilities or terminals that go with the special functions of the particular urban centres.

Jimma has reported the largest maximum industrial plot size of about 36,000m² followed by Dire Dawa and Adama with maximum industrial plot sizes of 30, 000m² and 20,000m², respectively. Surprisingly, cities known as industrial centres like Bishoftu and Kombolcha have the least maximum industrial plots of around 1,000m² ([Appendix 6.8](#)). Unlike the case of residential plot sizes, there appears to be limited experience or guideline in Ethiopia that aims to specify minimum plot sizes for commercial and industrial uses, although planners take certain considerations regarding block width and block length in framing of road networks.

6.1.3 PLANNING FOR PUBLIC SPACES

Public spaces are among the major public services that are expected to be provided by city administrations to their residents and visitors alike. The concept of public spaces encompasses open spaces, green areas, streets and public facilities. Streets are considered as public spaces as they are used by pedestrians and those riding bicycles as well as those using motor vehicles for private or public transport. Public facilities, which comprise indoor and outdoor sport facilities and other recreational facilities, cinemas and libraries, etc., should be integrated within mixed development areas. Public spaces not only render the ambience, conviviality and civic character to urban settlements but also contribute to enhancing social capital by strengthening social interaction as well as civil culture and urban identity. A properly designed public space, which also includes streets, allows integration of urban functions, accommodates trunk infrastructure, and creates sense of community and civic identities. The following quotation (UN-Habitat, 2012), illustrates the role of public spaces:

“What defines the character of the city is its public spaces, not its private space. What defines the value of private assets of the space are not the assets themselves but the common assets. The value of the public good affects the value of the private good. We need to show, every day, that public spaces are an asset to the city.”

The Urban Plan Preparation and Implementation Strategy prepared by MUDHCo (2014) stipulates that urban plans should provide a proactive guidance to the development of roads, public spaces and green areas as well as a framework for harmonious development of different types of land-uses. The strategy document notes the limited coverage of the existing road network infrastructure, absence of proper road hierarchy, encroachment of the right-of-way of roads, poor design and construction of roads and absence of regular maintenance as well as the absence of pedestrian walkways and dedicated lanes for bicycles affects intra-urban mobility. The strategy also notes the serious shortage of public spaces including open and green spaces; even if city plans reserve areas for their development, there is little political commitment and community ownership. The strategy also stresses the need to further promote the active participation of the public and other stakeholders in the preparation and implementation of urban plans as this will create sense of ownership of the plans and hence effective protection of areas reserved for various land use categories that fall under the rubric of public spaces.

The strategy proposes that cities should adopt the 30-30-40 ratio for roads and allied infrastructure, green and public spaces as well as built-up areas, respectively, in new development areas (with a possibility of adopting 30-25-45 ratio in case of older settlements) to deal with problems that pertain to mobility and access to public spaces. The strategy also underlines the need to promote urban design practices. The common approach to the implementation of urban plans to date has been the allocation of plots on the case by case basis, which is not helping much in coming up with better land use solutions that encourage mixed land uses and promote mobility and access to public spaces.

Different assessments were made to gauge the availability of and attention given to public spaces as they also determine their accessibility by the public. The first refers to the availability of public spaces, which is done by comparing the total amount of land allotted for green and open spaces in city plans, with the 30% benchmark as set by MUDHCo (Box 6.2). The analysis considered those areas specifically designated as public spaces (conservation or restricted areas are not considered) out of the total areas under the administrative boundaries of urban centres, whereby only Debre-Markos (with 29.9%) is found to be close to the 30% standard.

BOX 6-2 GREEN POLICIES AND STRATEGIES THAT PROMOTE PUBLIC SPACES

The Urban Planning Proclamation No. 574/2008 stipulates that environment is one of the major land uses to be considered in the preparation of urban land-use plans. This is further elaborated in the Revised Standards for Structure Plan Preparation and Implementation that puts environment (with its sub-categories) as a major land-use in urban schemes (MUDHCo, 2012). Moreover, the recently adopted green infrastructure standard (MUDHCo, 2015) lists 17 sub-categories of green infrastructure (parks; sport fields; roadside and squares; plazas and festive areas; river and riverside areas; lakes and lakeside areas; watershed areas; urban agriculture development; woodlots and green belts (inside and surrounding forests); private compounds and surroundings; institutional compounds and surroundings (both governmental and non-governmental); communal house compounds and surroundings (condominium, real estate etc.); religious institutions' compounds and surroundings; neighborhood open spaces; cemeteries; nursery sites; green roofs and walls. The strategy stipulates that 30% of the built-up part of cities should be covered with green areas, 30% with roads and associated infrastructure and the remaining 40% with various types of functions. A major challenge that still remains is local capacity to implement these provisions in a manner to change the state of affairs on the ground.

Source: (FDRE, 2008), (MUDHCo, 2012) and (MUDHCo, 2015).

The second aspect considered is the availability of parks being managed by city administrations. Many cities lack well-developed public parks that fulfil generally accepted standards. In spatial terms, Dire Dawa reported that it has only 3.5ha of such public parks, Adwa, 2.0ha, Gondar, 0.97ha and Arba Minch, 0.12ha. Beyond the obvious shortage of public parks, the notion of cost recovery has led to the introduction of entrance fees, which excludes them from being public. Generally, despite their consideration in city-wide plans, city administrations do not prioritize the development of public green spaces, and it is increasingly owners of private recreational facilities who are active in developing “commercial parks” to entertain the demand for open/ green spaces to be used for social gatherings such as weddings. Cities such as Addis Ababa, Hawassa and Bishoftu encourage MSEs to reclaim derelict land and establish recreational businesses serving as public meeting places. Box 6.3 describes the implications of an entirely market-based planning on accessibility of public open spaces in Lake Tana shore.

BOX 6-3 DWINDLING ACCESS TO PUBLIC SPACES IN LAKE TANA SHORE, BAHIR DAR

Bahir Dar, the capital of Amhara National Regional State, is one of the few towns in Ethiopia with a lakeside. Due to the attractiveness of the lakeside for recreational purposes, several tourism-orientated investments were implemented, particularly in recent years. These were undertaken without adequate heed to environmental and social considerations, however, and are threatening the ecology of Lake Tana and almost excluding the general population from having easy access to the lake. The lakefront is gradually losing its character as a common public good and a potential source of livelihoods for residents. The distance to be maintained between built structures and water bodies as well as block, parcel and building sizes were not effectively regulated as the city’s master plans prepared in 1965, 1996 and 2006 designated the lakefront areas for “special function,” leaving the type, mix and intensity of development in these areas to be specified by detailed plans. Even if a detailed plan for the lakefront areas was prepared in 2006, it was not formally approved by the city administration and hence had limited influence on lakeside developments.

Following the issuance of the Urban Development Policy in 2005, Bahir Dar, similar to other major cities in Ethiopia, tried to attract new investment by facilitating access to land. Accordingly, lakefront plots were allocated to investors under a lease arrangement at a fixed fee of Birr 290.4/m² (about 15 USD/m²) for those projects that were selected considering the amount of capital investors promised to invest, rather than detail plans or urban design guidelines prepared for such sites. The local administration failed to articulate and provide for the demand of the public for public spaces, and, as a result, most of the new hotels and lodges as well as the fences built by new investors blocked the lake’s view and reduced the areas occupied by the longstanding four municipality-managed parks (i.e. Shumabo, Mango, Hidar 11 and Bezawit).

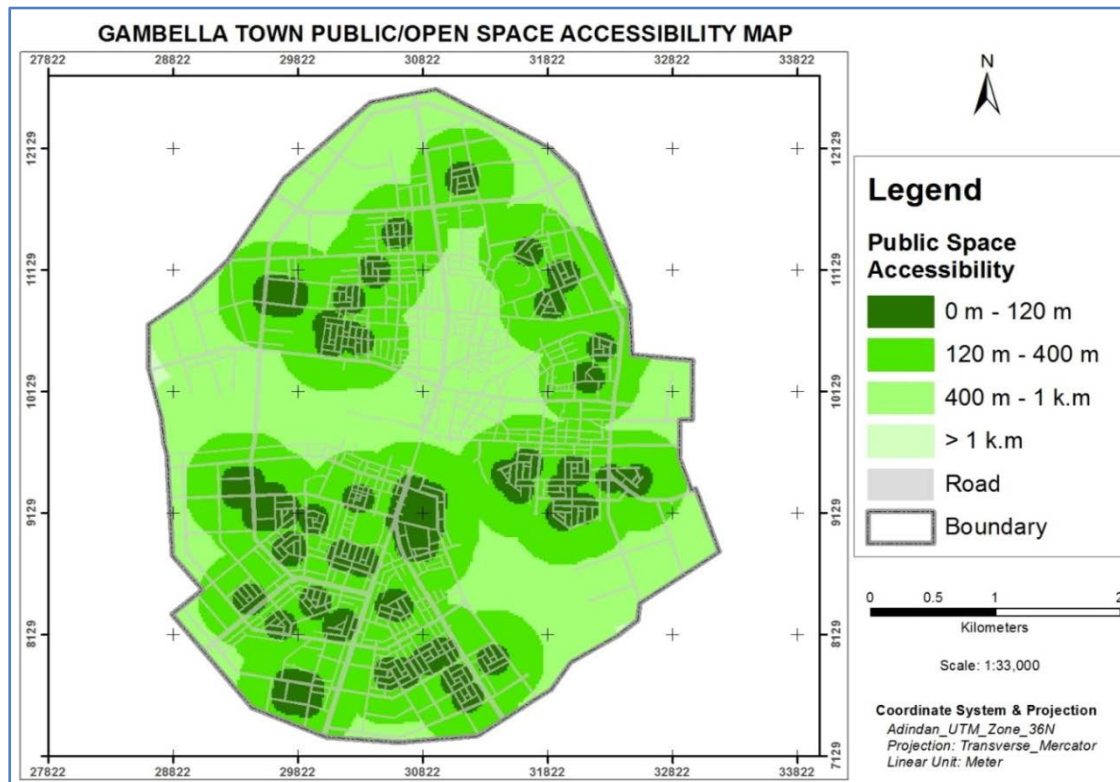
However, unlike the general situation in other lakeside towns in Ethiopia (Hawassa and Bishoftu) where the general public’s access to the water bodies is almost blocked by new hotel and real estate related investments, the Bahir Dar City Administration has built a paved walkway (2.5 m² width and 7 km length) along the lakeshore with the intention of facilitating access to the lake. Yet the design of the walkway has been controversial. The narrow walkway, poorly connected with the main street is also encroached upon by private properties at some points. It is frequented by cyclists, which makes it inconvenient for pedestrians. Its close proximity to the water body is deemed dangerous as the bushy outgrowth next to it is an ideal habitat for poisonous reptiles and other vermin. Indiscriminate disposal of solid wastes along the walkway causes significant pollution of the lake.

This situation underlined the need to prepare detailed plans that would strike an appropriate balance between economic, social and environmental considerations, accompanied by implementation strategies and building regulations. From 2011-2013, the Bahir Dar City Administration, with the RUPI and the Canadian Urban Planning Institute initiated a participatory local level planning processes focusing on sustainable lakefront development. The process reportedly managed to identify key principles to guide waterfront development, namely public access; a clean and green waterfront; mixed-use development; diversified jobs; and urban-rural linkages. These principles also guided the collaborative effort that precipitated in the development of a land-use proposal for the waterfront. Yet, investors who had already obtained lakeshore land have continued implementing their projects, although the City Administration has suspended the allocation of additional plots in these areas until the detailed plan is to be approved.

Source: (Jantirar Abay, 2012), (CANGO, 2011) and Interview with the Director of the Amhara Regional Urban Planning Institute, March 2015.

The third aspect of analysis is the extent to which city plans provide for accessible public spaces. The analysis started with the identification of those spaces that are designated for public spaces on adopted city-wide plans, to measure the areal coverage and percentage of the cities that are found within a radius of 120m, 400m and 1000m or above from any public space available. For the sake of consistency and comparability, the analysis considered land use functions such as Formal Green, Play Grounds, Public Spaces and Open Spaces. This is inconsideration of the fact that, the various land use plans are not specifically using the term 'Public Space,' a term that is loosely used and needs to be clearly defined.

MAP 6-2 ACCESSIBILITY OF PUBLIC/OPEN SPACES IN GAMBELA TOWN.



Source: Based on Gambela Integrated Development Plan, Land Use Proposal, 2007.

The analysis was conducted on 24 urban centres and Debre Markos (with 92%) is found to be with the highest accessibility to open space based on the baseline distance of 400 metres, which means only 8% of the city is not within this reasonable distance from available public spaces. The lowest figure (5%) was calculated for both Kombolcha and Hosanna towns, which means that 95% of the areas in these towns are far from 400 m of the available open spaces. A median value of 30% is found for Dire Dawa, which suggests that in more than half of the cities at least 70% of the areas within the administrative boundaries of cities are outside 400m radius of available public spaces. Even then, this is without qualifying whether the planned areas reserved for public spaces are actually developed or not. Yet, the presence of areas reserved for public spaces in city plans neither guarantees their development nor their actual use.

The near absence of public spaces in built-up parts of urban centres, save the right-of-way of roads that again are encroached by road side business activities, explains much of the feeling of alienation and lack of active social life in big cities such as Addis Ababa, expansion of buildings, infrastructure and commercial activities notwithstanding.

6.1.4 MARKET RESPONSIVE PLANNING

The total area of land delineated for manufacturing and commercial use and allotted for the same purposes was considered as an indicator to the extent to which cities adopted market – responsive planning. With regard to manufacturing industry, those cities that furnished complete data on the total area of delineated, developed and transferred land for industry within the three-year period (2011-2013) are considered. Data for 2011-2012 is considered for additional four cities Table 6.3), while data for 2013 was used in case of 16 other cities (Table 6.4). In Adigrat and Kombolcha towns, all of the land delineated for manufacturing was developed and transferred in 2011 (Table 6.3). In other cities, there were disparities between the amount delineated, developed and transferred.

Table 6-3 Area Delineated, Developed and Transferred for Industrial USE (2011-2013).

Year	Industrial Area (Ha)	Cities			
		Adama	Addis Ababa	Adigrat	Kombolcha
2011	Delineated	870.00	588.00	84.00	67.00
	Developed	277.00	81.00	84.00	67.00
	Transferred	108.25	331.00	84.00	67.00
	% Developed	31.80	13.80	100.00	100.00
	% Transferred	12.44	56.30	100.00	100.00
2012	Delineated	870.00	500.00	63.00	41.00

Source: SECR Field Survey, 2014.

Jigjiga in 2013 developed and transferred all land delineated for industrial use. In the majority of the cities, the amount developed was invariably less than the delineated except for Addis Ababa which developed only 1990.39 ha of the delineated 924 ha Table 6.4).

Table 6-4 Delineated, Developed and Transferred for Industry in 2013

City	Total Area (Ha) for Manufacturing Industry in 2013			Percentage (%)	
	Delineated	Developed	Transferred	Developed	Transferred
Addis Ababa	924.00	1990.39	387.70	*	41.90
Jimma	158.08	7.00	7.00	4.40	4.40
Hawassa	720.00	120.00	30.00	16.70	4.10
Axum	2.00	1.83	1.83	91.50	91.50
Dessie	5.20	5.10	2.10	98.00	40.40
Bahir Dar	129.00	31.71	31.71	24.60	24.60
Adigrat	11.29	12.39	14.19	*	*
Adama	870.36	321.73	249.00	37.00	28.60
Nekemte	398.60	18.00	18.00	4.50	4.50
Adwa	20.00	1.98	0.31	9.90	1.60
Arba Minch	160.70	13.42	13.42	8.40	8.40
Assosa	65.68	3.00	0.63	4.60	0.90
Shashemane	40.00	16.18	9.48	40.50	23.70
Bishoftu	258.30	94.50	45.50	36.60	17.60
Jigjiga	388.00	388.00	388.00	100.00	100.00
Gondar	35.00	35.00	13.50	100.00	38.60

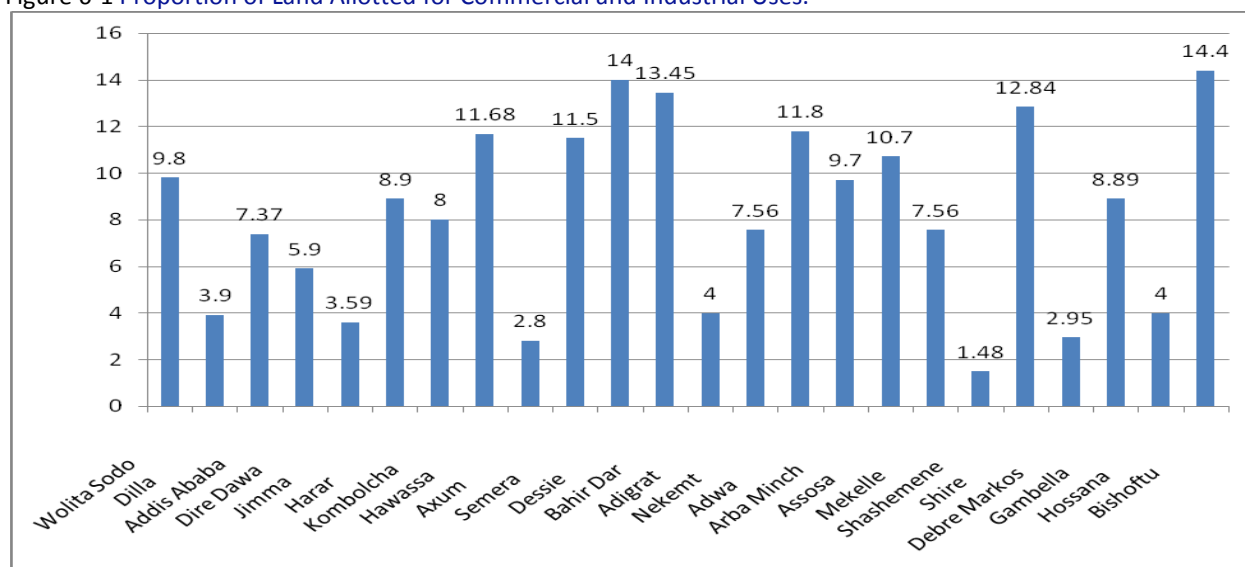
Source: SECR Field Survey, 2014.

In most of the cities, the general pattern was that the amount of land transferred was far less than the land developed indicating that the delineation, development and transfer of lands may not take place on the same year as the designation of industrial zones may not be done based on thorough opportunity studies for industrial development.

The other indicator of market responsive planning is the proportion of land allocated for commercial and industrial uses. Data obtained from 24 of the cities reveals the low share of these land uses. This is evidenced by the low proportion given for commercial and industrial

land use with the highest of 14.4% in Bishoftu, 14% in Dessie, 13.5% in Adigrat, 12.8% in Debre Markos and the lowest 1.4% in Shashemane and 2.4% in Axum (Figure 6.1).

Figure 6-1 Proportion of Land Allotted for Commercial and Industrial Uses.



Source: SECR Field Survey, 2014.

The revised land use standard set by the MUDHCo (2012) stipulates that the proportion of these uses should be 17-35% for cities and 17-40% for metropolises. Even taking the highest proportion (14.4%) in Bishoftu, the existing situation does not fall within the norm. Future urban planning efforts should therefore give heed to the rectification of this situation.

An important consideration as regards market-responsive planning is the adoption of a regionalized approach to urban planning, which is one of the points stressed by the Urban Planning and Implementation Strategy (MUDHCo, 2014). The strategy stipulates that urban plans should be prepared within the context of national spatial development plans that provide a framework for, among others, the development of regional growth hubs and development corridors that invariably define the role of specific urban centres in the national and regional urban systems. Thus, the preparation of urban plans and hence the allocation of land for commercial and industrial activities, among others, is expected to be undertaken giving adequate heed to the need to promote rural-urban and urban-urban integration as well as dovetailing socio-economic development plans with land use plans.

Regional governments and city administrations are encouraged to adopt a regionalized approach to urban planning, which would help synchronize the plans to be prepared for neighbouring towns. An important development in this regard is the designation of Addis Ababa as a national metropolis, and the clusters of urban centres around Mekelle, Dessie-Kombocha, Bahir Dar, Dire Dawa, Jimma, Adama and Hawassa as regional metropolis. The recent experience in the re-planning of Addis Ababa that also considers the surrounding towns in the Oromia Special Zone for the Surroundings of Addis Ababa/ Finfine is another development that can be emulated in the above mentioned clusters.

6.1.5 LAND GRADES AND LEASE PRICE DETERMINATION

Cities employ land grades to establish land use and property taxes as well as determine benchmark prices for land lease auctions, which will be set as a percentage of the price to be defined for the most accessible location. Proximity to a city centre and road hierarchy are the two main factors considered in determining land grades, even though cities do not use standardized land grading guidelines. As land use intensity and land value trends are expected to generally follow land grades, the latter influence future investment on property development. Most cities (89%) have reported the application of land grade regulations, while three towns (i.e. Shashemane, Gambela and Semera) do not use land grading. The challenge, however, lies in the ad-hoc nature of the determination of land grades; cities tend to utilize land grades once they have been prepared, while there is limited experience in regularly updating them. Cities will have to accord due attention to land grading, in view of its relevance to on-going debates about the need to expand revenue bases of urban centres and to focus this effort on land and land-based properties, which is expected to be a major area of focus of their revenue. On-going endeavours by the federal and regional governments as well as city administrations to institute cadastral systems are expected to be of immense help in this regard. On the other hand, the main factor considered in the administrative determination of benchmark prices for lease holdings is the cost of infrastructure development. Once established such benchmark prices will serve as the basis for administering lease auctions as well as allocating land by negotiation.

6.2 DEVELOPMENT CONTROL

As highlighted in the recently issued urban land development and management strategy (MUDHCo, 2013), cities should have a systematic land development and management system to address the following basic issues: (a) to allocate land in a transparent and accountable manner in a market based economy, which would help achieve efficient and effective land use in urban areas as well as control informal settlement expansion; (b) to register land use rights and fixed properties, which would also facilitate transaction in landed property; (c) to allocate land for different uses, housing, economic activities, social services, public spaces, etc.; and (d) to recover the cost of acquiring, developing and allocating land by collecting revenues from land-based taxes and services. Despite the issuance of several land management related laws (the urban planning and implementation, the land lease holding and land holding registration proclamations), the capacity of city administrations to acquire, develop and allocate land /as per the provisions of the lease proclamation / is grossly inadequate, while this state of affairs often leads to excessive cost of accessing land from the formal channels that also contributes to proliferation of informal developments and urban sprawl. This section focuses on urban sprawl, informal settlements, informal settlement regularization and building code enforcement.

6.2.1 URBAN SPRAWL

Urban sprawl refers to a situation whereby the rate of the physical growth of a city exceeds that of its population (Bhatta, 2010). The extent of urban sprawl in all of the 27 cities was measured by comparing the physical expansion of the cities with the growth rate of their population under two options: Option 1, using the growth rates the CSA applied to project the population of the cities between 2007 and 2013; and Option 2, using the population growth rate between the 1994 and 2007 censuses. The rate of settlement expansion (i.e., that of the built-up area) on the other hand is determined based on the GIS analysis conducted using sets of satellite imageries taken during different periods. The rate of settlement expansion was calculated by comparing the spatial extent of the built-up areas of the urban centres using satellite images taken at two different periods (minimum of 5 year interval as shown in Table 6.5).

Accordingly, the result under Option 1 shows that considering the population growth rate the CSA utilized to project the population of the various cities between 2007 and 2013, 19 cities (70% of the total urban centres) have experienced urban sprawl (Table 6.5), which ranges from the maximum of 7.3 fold in Jigjiga and 4.2 fold in Gondar to a minimum of 1.1 fold in Bahir Dar and 1.3 fold in Adigrat.

Table 6-5 Extent of Urban Sprawl in the 27 SECR Cities.

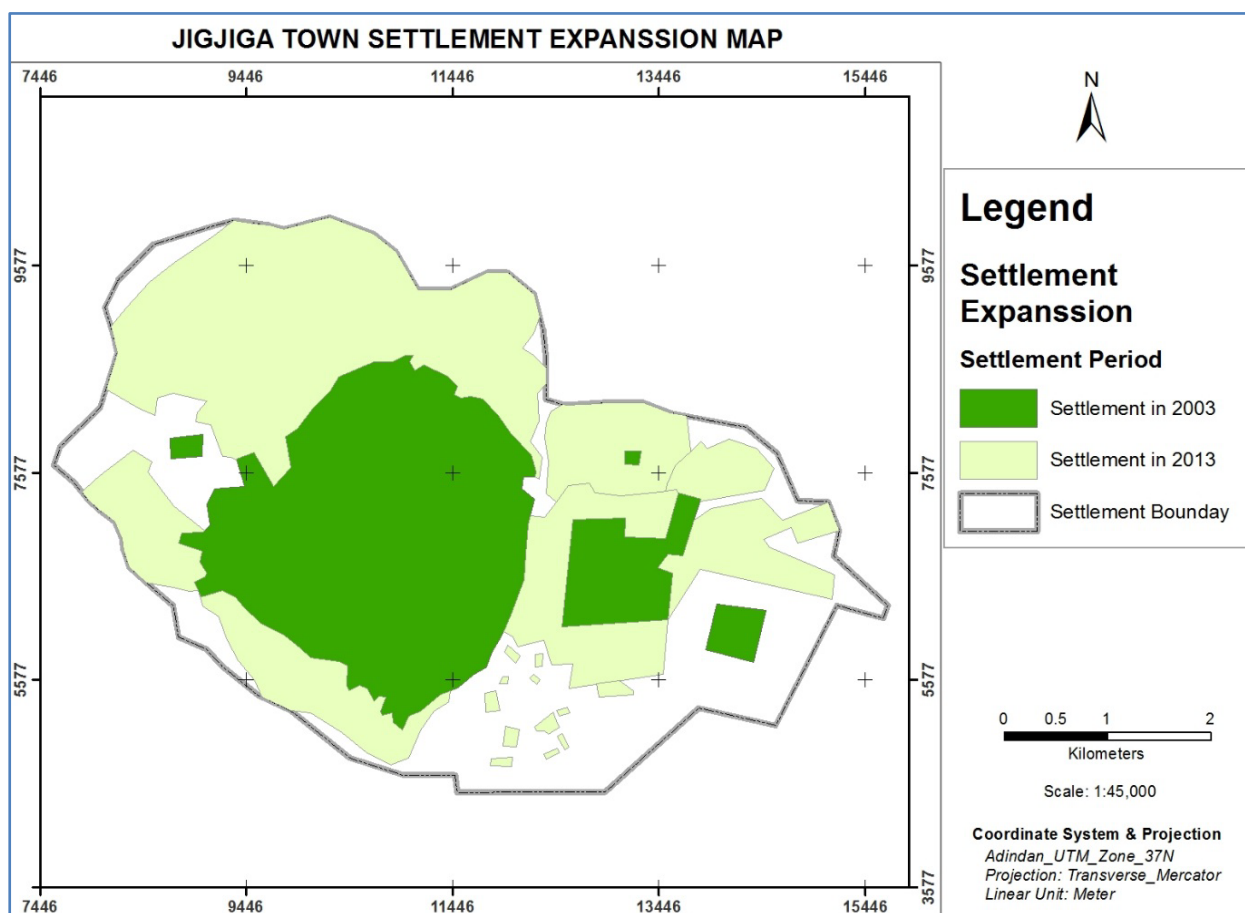
No.	Name of City	Population Growth Rate (%)		Annual Rate of Settlement Expansion (%)	Periods Considered to Measure Settlement Expansion	Extent of Sprawl	
		Used by the CSA Between 1994-2007 to Project the Population Option 1	Census: Option 2			Option 1	Option 2
1	Adama	2.5	4.2	1.7	2009-2014	*	*
2	Addis Ababa	1.3	2.1	3.32	2003-2013	2.6 fold	1.6 fold
3	Adigrat	2.8	3.3	1.85	2006-2013	*	*
4	Adwa	2.8	3.9	3.61	2006-2013	1.3 fold	*
5	Arba Minch	3.6	4.8	3.5	2003-2013	*	*
6	Assosa	5.2	5.6	2.6	2006-2013	*	*
7	Axum	2.8	3.8	5.4	2003-2013	1.9 fold	1.4 fold
8	Bahir Dar	2.5	3.7	2.75	2005-2013	1.1 fold	*
9	Bishoftu	2.5	2.4	1.4	2010-2014	*	*
10	Debre Markos	2.5	1.8	3.38	2006-2013	1.4 fold	1.9 fold
11	Dessie	2.5	1.6	4.5	2005-2013	1.8 fold	2.8 fold
12	Dilla	3.6	4.3	5.5	2006-2013	1.5 fold	1.3 fold
13	Dire Dawa	1.4	2.3	2.65	2006-2013	1.9 fold	1.2 fold
14	Gambela	5.0	5.8	7.56	2006-2014	1.5 fold	1.3 fold
15	Gondar	2.5	4.7	10.42	2006-2013	4.2 fold	2.2 fold
16	Harar	1.3	2.0	3.6	2005-2013	2.8 fold	1.8 fold
17	Hawassa	3.6	6.3	10.31	2004-2014	2.9 fold	1.6 fold
18	Hosanna	3.6	6.1	7.8	2011-2014	2.2 fold	1.3 fold
19	Jigjiga	1.9	6.1	13.8	2003-2013	7.3 fold	2.3 fold
20	Jimma	2.5	2.4	5.79	2006-2013	2.3 fold	2.4 fold
21	Kombolcha	2.5	3.0	1.6	2003-2013	*	*
22	Mekelle	2.8	6.2	2.54	2006-2013	*	*
23	Nekemte	2.5	3.6	5.77	2006-2013	2.3 fold	1.6 fold
24	Semera	4.1	12.1	11.12	2004-2013	2.8 fold	*
25	Shashemane	2.5	5.1	6.43	2006-2013	2.6 fold	1.3 fold
26	Shire Endaselassie	2.8	4.8	2.8	2003-2013	*	*
27	Wollaita Sodo	3.6	5.7	6.52	2006-2013	1.8 fold	1.1 fold

Source: CSA and SECR GIS Analysis Output, 2014.

Under Option 2, extent of sprawl was calculated using city-specific population growth rates between 1994 and 2007. Accordingly, the growth rate of the built up area is found to be higher than that of the population in 16 cities (60% of the total), while the rate of sprawl ranges from 1.1 fold in Wollaita Sodo to 2.8 fold in Dessie. The rates calculated under Option 2 are generally lower than those calculated under Option 1. The highest rates of sprawl are calculated for Dessie (2.8 fold), Jimma (2.4 fold), Jigjiga (2.3 fold) and Gondar (2.2 fold). In case of three cities, namely Bahir Dar, Adwa and Semera that belong to the list of towns that are identified to have experienced sprawl under Option 1, the high rate of population growth they experienced between the two censuses had offset their physical expansion making them cities that did not exhibit sprawl under Option 2. Jigjiga and Gonder are identified to have exhibited significant sprawl in both the first and second options.

Notwithstanding the commonalities that exist among cities, the driving factors for sprawl are expected to vary according to the local context, which suggests the need to explore the unique factors in each city. The situation in Jigjiga, the administrative capital of the Somali National Regional State that is mainly inhabited by pastoral population, for example, is also linked with the persistence of a traditional clan-based land tenure system despite attempts to introduce formal land tenure systems similar to those in other parts of the country. Map 6.3 shows the extent of Jigjiga's physical expansion in the 10 years between 2003 and 2013. A special factor to be mentioned in the case of Gondar, apart from the rugged terrain within the built-up areas and the potential expansion areas, is a very significant new construction of residential houses in recent years. According to information obtained during the field survey, this is linked to significant amount of remittances and direct investment by the very large Diaspora community that originated from the city and its environs.

MAP 6-3 JIGJIGA'S SETTLEMENT EXPANSION (2003 - 2013).



Source: Free Satellite Images of Jigjiga (2003 and 2013) obtained from Google Earth.

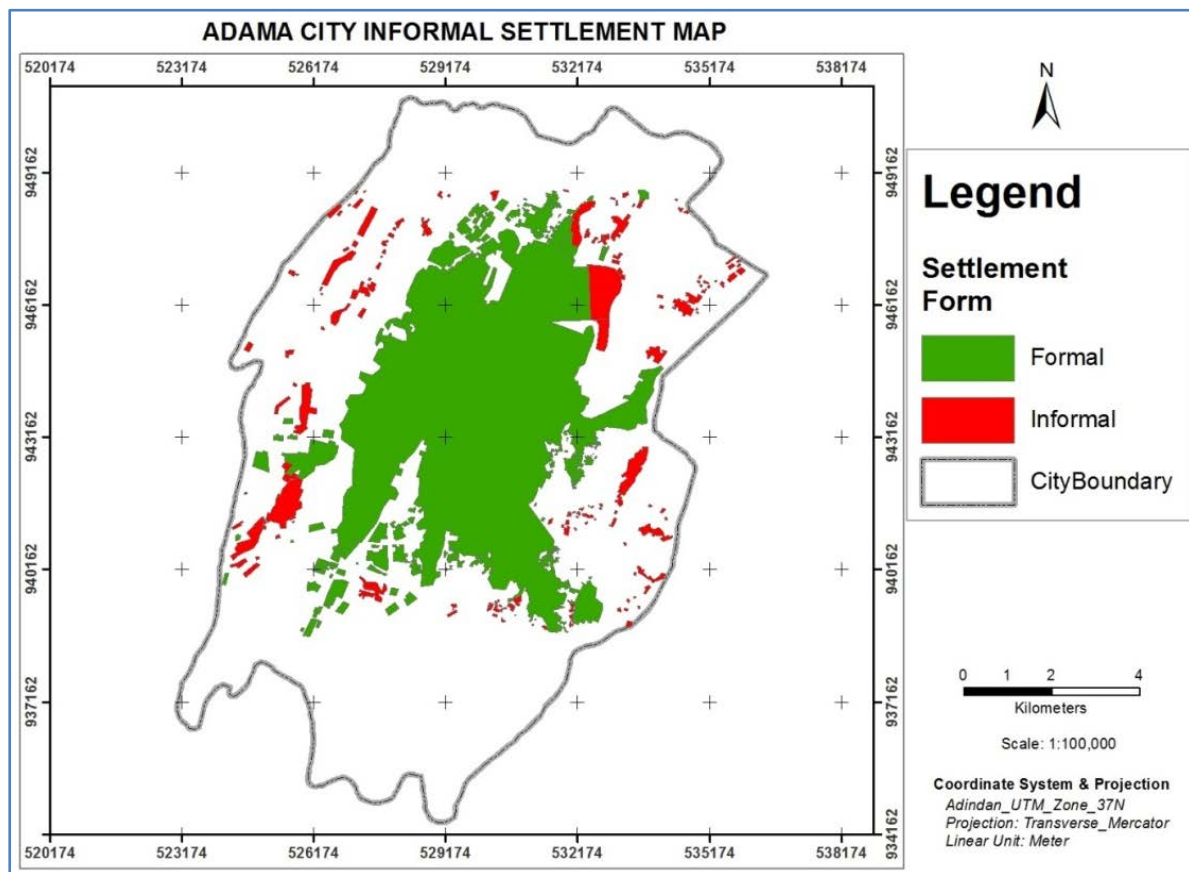
6.2.2 INFORMAL SETTLEMENTS

Informal expansion is a common phenomenon in most of the urban centres, which is linked, among other things, to high population growth rate most cities are experiencing and the resulting mismatch between the increasing demand for land and its formal supply (Daniel, 2011). Inefficiency of units dealing with land management complicates formal access to land, which results in high cost of acquiring urban land from formal channels thus leading to inefficient formal land markets that push toward informality.

Regarding the proportion of planned city extensions, out of the total extension of built-up areas, the data acquired from city administrations reveal that most of them have been experiencing significant informal expansion ([Appendix 6.3](#)). In Dessie, for example, of the total expansion of 7.7ha in 2013, 6.5ha was informal. The same is true for Adama which had formal expansion of 60ha in 2013, but also experienced unprecedented informal expansion that is reported to amount 758.89ha in the same year. Adama has been experiencing the highest level of informal expansion that is (1,595.68ha) 2010, (1,366.01ha), 2011 and (1,138.34ha) in 2012. According to data furnished by the city administrations covered by this report, Dire Dawa has the largest coverage of informal settlement 1770.7ha. Dilla, Adama, Shashemane and Jimma are among the cities that have large areas covered under informal settlements with 495ha, 480ha, 367ha and 265ha, respectively. On the other hand, Axum (0.13ha), Debre Markos (1.0ha) and Assosa (1.5ha) have reported the existence of a smaller amount of land under informal settlements.

As some of the data refer to estimates made by technical personnel working in planning and building permit departments, city administrations are encouraged to initiate a formal and systematic recording of the amount of land they formally allocate as well as an inventory of informal settlements.

MAP 6-4 LOCATION AND EXTENT OF INFORMAL SETTLEMENTS IN ADAMA.



Source: Based on Free Satellite Image of Adama (2014) obtained from Google Earth.

Estimation of the size of informal settlements was made by the GIS team considering the layout of plots and road patterns. This analysis is concerned with settlements lacking formal 'Settlement Form' in the peripheral locations, and the results do not show the land tenure situations of the towns/cities nor slum settlements situated in old, central parts of cities (Box 6.4). The information generated from the GIS analysis also confirmed that urban informality is the phenomenon of all the 25 cities, although the percentage of settlements identified as informal varied from the highest in Jigjiga (14.4%), followed by Adama (11.6%), Dessie

(9.0%) and Harar (8.0%) on the higher side to the lowest in Gondar (0.15%), Debre Markos (0.22%), Shashemane (0.22%) and Wollaita Sodo (0.66%) on the lower side, each having less than 1% coverage out of the total built-up areas ([Appendix 6.9](#)).

BOX 6-4 TWO DIFFERENT APPROACHES TO MEASURE THE EXTENT OF SLUMS.

There are two different methods of assessing slums, one focusing on physical conditions such as the analysis undertaken as part of this study and which calculates the percentage of the urban area that falls under informal development considering criteria such as plot sizes and shapes as well as availability of road access. The second method developed by UN-Habitat is data intensive and uses a statistical method that employs data to be obtained from household surveys. This method assesses four conditions of the household, namely availability of water and sanitation services, the level of overcrowding and durability of shelter. The results are measured in terms of the proportion of the population (%) that live in slum areas and considered as slum dwellers. In many cases, the later will be higher than the proportion of land to be categorized as slum given that informal settlements will always have higher population densities than formal developments. However, there is also a distinction between inner city slums (which in the main refers to the deplorable housing condition in old settlement areas that are located close to jobs) and peripheral slums (which refer to new occupations that are deficient in basic infrastructure and services and far from city centers where jobs are concentrated).

It is worth noting that the estimates on the area under informal settlements are generally low as compared to the set of data obtained from city administration and that is reported above. Yet, they are in line with a unique observation made about informal settlements in Ethiopia; informal settlements mainly occur in areas already planned for residential development and/or the informal developers keep sufficient space which considers the layout of major roads and provides for internal access within neighbourhoods. This situation may be also suggestive of the fact that regularizing informal settlements may be relatively easy and less costly of what would have been the case if they were developed on marginal lands with difficult access.

6.2.3 INFORMAL SETTLEMENT REGULARIZATION

The ways in which different countries deal with informality differ in accordance with their history, politics, economics and status of development (Box 6.5).

BOX 6-5 PREVIOUS INFORMAL SETTLEMENT RELATED EXPERIENCES IN ETHIOPIA AND OTEHR

In Ethiopia different cities have responded differently to informal settlements. In Addis Ababa (Bole, Yeka and Kolfe sub-cities) there were demolitions in 1994, which destroyed 13,440 informally constructed houses. Although 33,000 condominium housing units were constructed on the repossessed land, most of the beneficiaries were not the informal settlers. In Adama, over 3,751 structures constructed without official municipal permits were demolished over a five-year period, although the demolished structures were soon replaced by fresh ones. In Bahir Dar, eviction through demolition took place in 1995 in Kebeles 11 and 13. In Ambo, the municipality applied litigation, whereby 412 land related cases were filed in courts during the periods August 1/ 1997 to May 10/2000EC. However, resorting to the courts was not as effective as expected since only 22.5% of the cases were settled.

In Kenya, temporary occupation licenses were introduced in Nairobi, to promote investment in small businesses and efficient use of idle public land in strategic locations. Botswana introduced certificates of rights tenure, which provides holders with the right to use and develop land, while retaining state ownership. This has benefited well over 100,000 people, although formal private sector financial institutions failed to accept it as collateral for loans. In Egypt (Cairo) India (Delhi) and Colombia (Bogota) tenure through acquired documentation was used. Tenure security was achieved over time through the accretion of various documents relating to property taxes, utility charges, voter registration forms, ration cards, and other formal documents. The process, however, was vulnerable to changes in government policy, and programs of forced eviction or relocation can seriously erode their advantages. In Armenia, legalization was employed and close to 320,000 illegal constructions brought into the formal housing market.

Sources: (Fernandez, 2001); (Gondo, 2011); (Daniel, 2011); and Bassett, Gulyani, Farvarque and Debomy, 2012).

One of the key challenges of urban planning is the widespread occurrence of informal settlements that need to be regularized, which is linked to a number of factors including: the existence of housing units that had been constructed without municipal building permits by land occupants under the long-entrenched traditional land tenure systems during the imperial regime; failure to formally allocate sufficient amount of land for potential house builders between 1975-1991 due to then highly centralized land management system under the purview of the then Ministry of Housing and Urban Development; the proliferation of housing units being built without permits from municipalities that continued after the change of government in 1991; and reclassification of the administrative boundaries of urban areas that invariably results in the incorporation of hitherto rural housing units under the jurisdiction of city administrations (MUDHCo, 2013). Moreover, most cities do not have well functioning systems for issuance of deed titles and registration of land holdings and landed properties, which makes it difficult for cities to readily issue title deeds and property ownership certificates.

Ownership certificates for landed properties are yet to be issued to the majority of urban-based housing units and other buildings including those constructed with building permits provided by municipalities. During the *Dergue* period, the government was issuing certificates for owner-occupied housing units as citizens were allowed to own a single house for their own use as per the 1975 proclamation that nationalized all urban land and extra houses. Not all owner occupiers had received house ownership certificates, however, due to inefficiencies in the property registration services under the then highly centralized land administration system, notwithstanding the general apathy towards private property. Moreover, the provision of ownership certificates for landed-property was discontinued after the change of government in 1991 although. The acquisition of building permits should not be confused with obtaining ownership certificates for the property being permitted to be developed. Moreover, actual construction may not be necessarily in conformity with approved building plans being. Thus, apart from affecting formal transactions in landed property, which also represent significant loss of municipal tax revenues, the absence of a modern cadastral system encompassing legal, physical and fiscal cadastres in most cities often results in the unpredictability of property value estimations when the same property is assessed for collateral, compensation, transaction and taxation purposes.

According the national urban development policy and subsequent proclamations issued by the Federal Government, regularization of informal settlements should be undertaken as per approved urban plans. Moreover, regularization has to be implemented as per the provisions of two proclamations recently issued, namely the revised urban land lease holding proclamation (FDRE, 2011), and the urban land holding registration proclamation (FDRE, 2014), which is issued with a view to instituting a modern property registration system. Notwithstanding the time it took in enacting the land holding registration proclamation, the actual progress in terms of regularization of informal settlements and issuance of title deeds is reckoned to vary across regions and city administrations. Regional governments are required to issue more detailed regulations, while there is also a need to develop procedural guidelines that would help realize the various provisions of the proclamations.

According to data furnished by city administrations, while the process of regularization has been applied in nine cities, the process of availing title deeds still lags far behind. The major focus of regularization-related interventions made in previous years is securing the right-of-way of internal roads indicated on the road infrastructure component of city-wide physical plans. Once such right-of-ways are secured, city administrations would start investing on road improvements, which in turn offers opportunities for the expansion of networks for basic utilities such as water and electric power. Some or part of the structures built by informal settlers may be demolished, but informal residents may not immediately get title deeds as the process of adjudication generally takes longer period as it involves intricate processes of ascertaining relevant evidences and/or documents.

BOX 6-6 DIRE DAWA'S EXPERIENCE IN REGULARIZING INFORMAL SETTLEMENTS.

Dire Dawa, which was the second most populous city in Ethiopia until recently, witnessed large informal settlement expansion after 1991, accounting for an estimated 60% of the total housing units by 2004. This state of affairs is associated with: (a) significant migration into the city due to its favorable commercial and industrial setting associated with its role as a major railway station since the start of the previous century; (b) inefficiencies of the city administration to entertain the demand for residential land; (c) limited coordination between DDCA and those institutions providing electricity and water in informally developed neighborhoods that was justified based on market (to sell more electricity) as well public health considerations (to ensure access to potable water); and (d) the location of Dire Dawa between the administrative boundaries of the Somali and Oromia regional states and the general complacency in taking measures to control illegal land transactions that was occurring in the fringes of Dire Dawa and beyond, involving peri-urban farmers, informal settlers and speculators. The latter, in particular, was also linked with the generally limited acceptance of the urban land lease policy by residents, which saw residential plot sizes of 105m² permitted by the urban land lease holding policy as too small.

The DDCA, which got charter-city status through Proclamation No. 416/2004, issued Regulation No. 24/2006 for regularization and prevention of squatter settlements. Apart from limited road access, poor waste management and concerns about neighbourhood level security, residents were facing serious shortage of basic services: based on a sample survey conducted as part of the study quoted below, about 80% of the households were buying water from water vendors and community water taps, while only a third of them had access to electricity mostly through unauthorized connections from units with private electric meters. Moreover, 80% of the informal houses were located in hillsides hence causing deforestation and soil erosion, while some were located in wetlands resulting in their pollution.

According to this regulation, only houses constructed before 2002 were to be regularized in accordance with aerial photographs of the city and its peripheries taken in 2002 and 1988. Those built before 1988 were to be regularized under the long standing permit system, whereas the Urban Land Lease Holding Regulation No. 3/2004 was to apply to those constructed between 1998 and 2002. The fate of those structures built during 2002-2006 was to be determined based on a study to be commissioned by the DDCA as the period under consideration partly overlaps with the 2005 national election, which saw unprecedented expansion of informal settlements in urban centers across the country. The units to be regularized were to be determined as per city's master plan, and no compensation was to be paid for structures to be demolished either to provide roads or because they are built on land planned for non-residential purposes. However, in such cases, the city administration would provide residential plots to affected households.

The DDCA issued title deeds for 13,000 household units. Major changes that are reported to have occurred after regularization include improvements in the general quality of housing units as owners secured building permits, employed modern construction technology and connected to utility services. There were increased municipal revenues from land use and building-related taxes as well as registration of landed property transactions. However, informal settlements continue expanding as the root causes remain unresolved. The persistence of the problem is seen by some as a strong case in favor of demolition of informal settlements and against their regularization asserting that regularization rewards wrong-doers and provides incentives for others to follow suit. The relevant authorities, in collaboration with universities that have programs in the built environment, should review the regularization related experiences of Dire Dawa and other towns so that the good practices can be properly documented and inform similar efforts in other urban centers.

Source: (DDCA, 2006) and (Simret, 2008).

Once the physical regularization is implemented, city administrations may ease some of the restrictions they impose on informal settlers such as issuing permits for construction of buildings or getting permissions to get connection to utility services such as water and electricity. Most of the regularization efforts are in fact short of guaranteeing security of tenure because of lack of detail legal frameworks operational manuals that define the security of tenure regarding the ownership and use of land and improvements on the land as well as the process of adjudication which is complicated by the lack of data. The identification of the rightful owners of the land use rights is a complicated process that involves checking various kinds of documents (resident ID cards, bills for paying taxes, water and electricity, etc.).

Table 6-6 Proportion of Regularized Housing Units (2013)

Cities	Regularized Housing Units	Housing Units with Title Deed, 2013	% Regularized
Adama	11,000	3,300	30.00
Assosa	205	183	89.00
Bahir Dar	1,200	1,200	100.00
Dilla	720	720	100.00
Dire Dawa	16,000	14,000	87.50
Gondar	2,500	2,500	100.00
Harar	1,111	1,111	100.00
Jimma	110	70	64.00
Wollaita Sodo	1,948	1,948	100.00
Average Proportion			89.30

Source: SECR Field Survey, 2014.

Cities are therefore forced to undertake regularization measures under these complex circumstances, and that is why interventions to be made by cities are expected to vary both in their scope as well as procedures adopted. Taking the 2013 data, the average proportion of regularized housing units was 89.3% (Table 6.6). It is a high time to review the regularization initiatives taken by city administrations notably that of Dire Dawa (Box 6.6.) that had pioneered large scale regularization that also inspired similar measures in other cities, in order to take lessons that can inform similar initiatives in other city administrations.

6.2.4 BUILDING CODE REGULATIONS AND APPLICATION

A federal Building Code (FDRE, 2009), to be implemented in cities with a population of at least 10,000 inhabitants, was recently enacted by the Federal Government. Regional governments are expected to issue their own building regulations for the proper implementation of the building codes in their cities. The existence of building codes (that regulate the soundness of structures, electrical installations, fire safety, etc.) is important, but their effectiveness largely depends on their rigorous implementation in conjunction with urban planning laws (that regulate the setbacks, height and use of buildings).

The major steps²⁸ involved in enforcing building codes include; proposal submission, design approval, planning consent, building permit, construction supervision, and occupancy permits. Accordingly, the availability of building codes/proclamations in the 27 cities was assessed by way of gauging the awareness about this newly enacted proclamation. Copies of the building proclamations are available in the majority (89%) of cities. However, the cities are yet to fully create the requisite institutional capacity to implement the building code.

A total of 18 cities reported that they have started issuing building occupancy certificate prior to a new building becomes operational, the remaining nine are yet to commence issuing such certificates. In this regard, as clearly stipulated in the Building Proclamation (section 18(1&2)) although newly constructed multi-storey buildings belonging to category “C” shall not be put to use before it has been inspected for compliance with the proclamation and a certificate of occupancy has been issued, a building officer may provide an occupancy permit for a partially completed building provided safety is ensured. For instance, cities in the Amhara region reported that they give occupancy permits for such partially completed commercial buildings as this would enable owners of such buildings to generate financial resources (e.g., from rental incomes) which they can use to gradually complete the construction of the whole building.

²⁸ It is important here to note here that the various measures are not mutually exclusive as enforcing the building codes may require more than one step.

City level considerations indicate the existence of variations between groups of cities that apply all the seven steps to groups that do not use any of the steps. Among the group of cities that have reported applying all the mentioned steps are: Addis Ababa, Adigrat, Axum, Bahir Dar, Dessie, Harar, Hawassa, Kombolcha, and Wollaita Sodo. In the latter group are Mekelle, Semera and Adwa. Out of the total 27 urban centres, only 12 have tried to create public awareness as the first step to enforce the building code. On the other hand, 20 cities reported that they use proposal submission as one of the steps to enforce the building code, 22 cities indicated that they use design approval as one of the steps, planning consent is used as a step in 21 cities, building permit was employed as a step in 22 cities, supervision and follow-up was used as a step in 18 cities, while occupancy certificate was applied as a step by 15 cities.

Announcement made through posting warning notice, formal written warning letter, fine, cancellation of building permit, litigation, forced reconstruction and demolition are among the measures taken by cities against violation of building codes. The application of these measures varies from city to city. Based on information collected during the field survey, on one extreme are cities including Addis Ababa, Dessie, Dilla, Dire Dawa and Jima that reported that they take all the measures against violation, while on the other extreme are cities including Semera and Hosanna that do not even use a single of the measures.

The main challenges related to the enforcement of the National Building Code in the urban centres covered by the report include lack of awareness on the part of the general public, construction workers and other stakeholders, shortage of skilled manpower that is amplified by the construction boom particularly in bigger urban centres and lack of professional ethics on the part of staff to be assigned as construction supervisors and building controllers.

6.3 URBAN LAND MANAGEMENT

For the purpose of this study, two main aspects - land registration and technology and public land management – are considered out of several aspects of urban land management.

6.3.1 LAND REGISTRATION SYSTEMS

Cities have been making efforts towards the adoption of computerized LIS to modernize their land management operations. For instance, without defining the characteristics of a computerised LIS, 70% of the cities covered by the study reported that they have implemented computerised (digital) LIS projects compared to 30% who are yet to do so (Table 6.7).

Table 6-7 Availability of Computerized LIS in SECR Cities.

No	Cities with Computerized LIS		Cities without Computerized LIS
1	Dilla	Adigrat	Wollaita Sodo
2	Addis Ababa	Adama	Semera
3	Dire Dawa	Nekemte	Dessie
4	Jimma	Adwa	Debre Markos
5	Harar	Arba Minch	Gambela
6	Kombolcha	Assosa	Bishoftu
7	Hawassa	Mekelle	Gondar
8	Axum	Shashemane	Jigjiga
9	Bahir Dar	Shire Endasselassie	
10	Hosanna		

Source: SECR Field Survey, 2014.

The term ‘Computerised LIS’ may give the wrong impression that 70% of the study towns have well designed GIS and Database based land information; while many of the cities could be keeping parcel-based land records in AutoCAD file (softcopies) only, which they use them in connection with the planning and management of city level and detail planning without any database that also outlines all the rights and obligations of the holder of a given plot. The following section provides background to previous experiences in establishing municipal LIS systems to make better sense of the quality of the data obtained from the cities covered by the study and its interpretation.

Table 6-8 Summary of LIS Related Application in SECR Cities

Cities	Inputs of LIS						Total
	Registration of Number of Plots	Plots Boundary Identification	Registration of Property Values	Registration of Road Types & Lengths	Registration of Other Infrastructure	Tax Registration	
Addis Ababa	✓	✓		✓		✓	4
Mekelle							0
Adigrat	✓			✓	✓		3
Dire Dawa	✓	✓		✓	✓	✓	5
Adama		✓		✓			2
Dessie							0
Jijjiga							0
Dilla	✓					✓	2
Harar	✓	✓	✓	✓	✓		5
Debre Markos							*
Kombolcha					✓		1
Nekemte		✓		✓			2
Jimma	✓	✓	✓	✓	✓		5
Hawassa	✓	✓		✓	✓	✓	5
Wollaita Sodo							0
Gondar	✓						1
Bishoftu							0
Adwa						✓	1
Shire Endasselassie				✓	✓	✓	3
Shashemane							0
Hosanna		✓		✓	✓	✓	4
Gambela							0
Semera							0
Axum	✓					✓	2
Assosa		✓		✓	✓	✓	4
Bahir Dar	✓		✓				2
Arba Minch			✓			✓	2

Source: SECR Field Survey, 2014.

✓ Denotes use of the specific input of LIS by cities.

Previous Experiences of Cities in Establishing LIS

There have been several land-related data management initiatives undertaken by the major towns, even though they cannot be claimed to be full-fledged LIS systems. Addis Ababa, followed by Dire Dawa, was the first city to establish a computerized LIS. These were followed by donor –supported cadastre projects that were implemented since 1999 with the aim of creating computerized cadastral system (LIS) in Adama, Bahir Dar, Hawassa and Mekelle. These were GIS –based LIS systems that also integrated parcel based data developed based on the latest aerial photographs.

The AACAA has been using the LIS system in relation to land management tasks including issuing deed titles, regularizing informal settlements and assessment and collection of land based taxes. Other major towns (Dire Dawa, Mekelle, Bahir Dar, Gondar, Dessie, Hawassa

and Adama), which also have well developed GIS and data base based LIS, use them for similar purposes. Several other city administrations have developed AutoCAD-based computerized land related data bases with the main focus of supporting urban planning processes.

Even then, most cities do not seem to be in a position to utilize the full potential of LIS systems mainly because of lack of adequate skilled manpower to operate and make regular updating of the land-related information. Moreover, difficulties to regularly update land related information confounds efforts to institutionalize LIS. For example, Addis Ababa has been using LIS established in 1988 E.C. (1996 G.C.), although the system has not been updated since then (12 years now). The same is true for the other big urban centres, which is also likely to compromise the quality of service delivery leading for example to less optimal generation of land related revenues.

There were also issues related to the lack of regular updating as well as security of already implemented LIS, which invariably contributed to the vulnerability of municipal land management systems to corrupt practices. It is interesting to note that, the recently established 'Addis Ababa City Land and Immovable Property Registration Agency' is implementing a land holding registration project as the former LIS which was prepared around 2005 was never updated. Ensuring the integrity and security of LIS is crucial as it will contribute towards reducing corrupt practices within municipal land management departments by promoting transparent and accountable land management systems.

The majority of the cities (67%) reported that they are not using LIS to register the number of plots, houses and types of ownership, while the remaining 33% use LIS for the same purposes (Table 6.8). There is wide variation among the cities regarding the application of LIS for registration of plots, identification of plot boundaries, registration of property and valuing property for taxation purposes and mapping of urban infrastructure. However, cities such as Dire Dawa, Harar, Jimma, Hawassa, Assosa, Hosanna and Addis Ababa have reported that they have achieved better progress in applying of LIS for many of the above mentioned purposes.

Qualitative information obtained from interviews conducted with experts working in the majority of cities indicates that urban centres are not properly benefitting from application of LIS. Such benefits include undertaking accurate property valuation, making proper assessment of property tax, adjudication of land conflicts, management of land records, and coordinating infrastructure planning and provision, all of which have significant implications for the realization of sustainable development (Table 6.9).

Table 6-9 Realized Benefits of Using LIS as Indicated by City Administrations.

Cities	Benefits of LIS						Total
	Property Tax	Boundary Conflict	Infrastructure Provision	Property Valuation	Land Record Management	Property Ownership	
Addis Ababa	✓					✓	2
Mekelle					✓		1
Adigrat	✓	✓	✓		✓	✓	5
Dire Dawa	✓	✓	✓	✓	✓	✓	6
Adama						✓	1
Dessie							0
Jijiga							0
Dilla	✓		✓		✓		3
Harar		✓	✓	✓	✓	✓	5
Debre Markos							0
Kombolcha					✓		1
Nekemte							0
Jimma	✓		✓	✓	✓	✓	5
Hawassa	✓				✓	✓	3
Wollaita Sodo							0
Gondar							0
Bishoftu							0
Adwa					✓	✓	2
Shire Endaselassie					✓	✓	2
Shashemane					✓		1
Hosanna	✓	✓	✓	✓	✓	✓	6
Gambela							0
Semera							0
Axum			✓		✓	✓	3
Assosa						✓	1
Bahir Dar				✓	✓	✓	3
Arba Minch							0

Source: SECR Field Survey, 2014

✓ Denotes the use of the specific benefit by cities.

Dire Dawa and Hosanna have reported enjoying the full benefits of LIS, while Adigrat, Jimma and Harar have made significant progress in this regard. Of those that have LIS, Mekelle, Adama, Kombolcha, Shashemane and Assosa still have much more to do to realize the full benefits of their systems.

The establishment of an integrated national cadastre system for Ethiopian urban centres is a top priority of the Federal Government, which is also outlined in its urban land management policy and strategy document (MUDHCo, 2013). The LIS systems established by the various institutions were not standardized in terms of content and operation; some of the cities had even initiated and implemented a couple of LIS projects by different consultants. This is seen as barrier to facilitate technical and capacity building support to be provided to city administrations. A national project office is established under MUDHCo to coordinate the implementation of the project which is slated for implementation in a total of 23 cities, while initial activities of the project focused on the establishment of a legal cadastre in AACA so that it can be later scaled up after evaluation for adaptations to be made regarding its replication in other major towns of the country.

The AACA has established its own Real Property Registration Agency, with branch project offices in the 10 sub-cities (housed within the sub-city level land development and management offices). Project offices are also established at *Woreda* level and roving site offices are established in neighbourhoods where detailed cadastral surveys are to be undertaken. The project has already designed the system, while it has also identified the parcel boundaries based on recent high resolution aerial photographs of the city. The cadastral ground surveying work, which will serve as a basis to adjudicate property disputes, has already started. However, the progress is slow due to the huge number of plots in the city and, more importantly, the shortage of skilled manpower and other logistics. Apart from Addis Ababa, 23 of the largest towns in the country have established land development and management departments and embarked on their own land holding and property registration projects. The activities already undertaken include the establishment of independent city level project offices, the preparation of aerial photographs, digitization of the aerial photographs, and establishment of ground control points.

The Federal Government, through the national project office is providing capacity building support to regional government that have established land development and management agencies and the 23 city administrations. It has also issued an urban land management policy and strategy document and instituted a legal framework by enacting Proclamation No. 818/2014, to provide for registration of urban land holdings. The policy and legal frameworks give emphasis on:

- Registering land use-related property rights of citizens under a market orientated system;
- Ensuring transparency and accountability to tackle corruption in the land management sector;
- Collecting detailed information on land as a key resource for the development of urban centres;
- Implementing legal cadastre as part of laying the ground work adjudicate disputes;
- Giving unique identification of right holders; and
- Implementing legal cadastre to be gradually expanded to fiscal cadastre and the multi-purpose cadastre.

New topographic maps are prepared for 21 of the 27 cities covered by this report (those who topographic maps need to be updated are Adwa, Dilla, Semera, Gambela, Jigjiga and Assosa). Experience-sharing programmes about the learning curve passed by Addis Ababa in the establishment of real property registrations systems were arranged for land experts drawn from the 23 major towns of the country. Capacity building orientated training programmes were also organized by MUDHCo and regional bureaux on the national urban land management policy and strategy; the newly enacted urban land holdings registration proclamation and other technical documents. The vision is to have a national integrated LIS and work is also on-going regarding the assessment of systems requirements and analysis for the design of a higher level architecture of the federal LIS system.

Source: (MUDHCo, 2013), (FDRE, 2014) and Interviews with the Director of the National Cadastral Project)

6.3.2 PUBLIC LAND MANAGEMENT

The Federal Constitution (FDRE, 1995) stipulates that all land in Ethiopia, both rural and urban, is public property, whilst individuals could only have the right to use land, which they can also transact in the market. The introduction of the urban land lease holding proclamation in 1993 (FDRE, 1993) was aimed at instituting a system that would allow the transaction of land use rights in a market based economic system. When the government introduced the urban land lease holding policy in 1993, the assumption was to make it operational in phases, to be started in major cities and eventually scaled-up in other cities. However, its implementation has remained sluggish despite the various modifications made on the policy in 2002 and 2011 (FDRE, 2002 and FDRE, 2011). Municipalities applied the urban land lease holding system in a rather haphazard fashion due to the absence of specialised institutions that would prepare

plots for lease holding, determine benchmark prices for land lease, administer lease auctions, keep records of lease transactions, lease payments and real estate properties, etc. Notwithstanding the generally poor land record systems in most Ethiopian cities, this situation also explains the dearth of reliable information on plots and areas under lease arrangement.

BOX 6-8 IMPERATIVES FOR IMPROVING URBAN LAND LEASE HOLDING SYSTEM.

The urban land lease holding policy has been under implementation by the larger city administrations since the issuance of the first proclamation in 1993, although the progress of its implementation (in terms of share of land under lease tenure or the amount of land that comes under the lease arrangement each year) is reckoned to be generally limited. The proclamation has been amended twice in 2002 and 2011 with a view to tackling issues that constrained its effective implementation. Apart from the limited awareness among the general public and the business community about the objectives and mode of operations of the lease system, the key constraints for effective implementation of the urban land lease holding proclamation include: limited capacity on the part of city administrations to prepare sufficient number of appropriately located plots for auction, delays in preparing city-specific benchmark prices to be used as the basis in the determination of lease prices and lack of long term finance for the purchase of land lease holding rights.

In the absence of previous experience in administering the land lease holding system, cities adopted the auction system that was seen as a more transparent and efficient tool in determining land lease prices. Nevertheless, because of information asymmetry and other cultural factors, such auctions in many cases resulted in exorbitant prices or attracted few applicants. The auction system was also stressed by those city administrations that saw revenue generation as the main objectives of the lease policy. The resulting limited supply of urban land for investment started to be seen as a constraint to investment and city administrations were encouraged to use negotiation as an alternative modality. This switch from the auction system to negotiation, which stressed the broader development-related roles of land than the limited focus on generating municipal revenues, must have eased the supply of land under the lease arrangement.

However, the lack of transparency about the supply of land as well as the lease prices negotiations started to be discussed as vulnerable to corrupt practices and city administrations had to reinstate the auction system as the sole modality of land allocation for commercial and industrial purposes as per the urban land lease proclamation re-enacted in 2011. Cities have made attempts to adopt benchmark prices to be used in lease auctions and, amidst a constrained supply of land to be made available for lease auctions, the extremely high lease prices being offered by potential investors have been a bone of contention among the business community and policy makers. Land auctions can be lucrative, with 2014 seeing record bids from real estate development firms of ETB31,110 (USD\$1,590) per square meter for a plot of land in Addis Ababa (Addis Fortune, 2014). On the other hand, given that the allocation of plots under lease arrangement has to be based on city plans, the lack of coordination between urban planning and land administration processes has resulted in, among others, shortage of formally allocated land and hence significant informality in housing provision.

As local contexts invariably affect the implementation of the national policies, city administration and regional bureaus are encouraged to conduct a comprehensive review of the challenges being faced in the implementation of the lease policy involving residents and private sector actors as well as staff working in urban planning, land management and city finance departments. The findings of such review and assessment should be openly discussed to come up with suggestions for improvements to ensure effective implementation of the lease policy.

Source: (Addis Fortune, 2014), (FDRE, 1993), (FDRE, 2002) and (FDRE, 2011).

Data obtained from 12 of the 27 cities shows that, in Dilla, Jimma, Harar, Adigrat, Nekemte, Adwa, Assosa, Hosanna and Bishoftu, the non-lease area is larger as compared to the extent of the leased areas. It is only in Hawassa, Dire Dawa and Gambela that the total area that is reported to be under the lease arrangement is found to be larger than the area of non-lease arrangement (Table 6.10). The high proportion of lease land observed in Dire Dawa and Hawassa may be linked to the fact that, apart from being one of the first towns that started implementing the lease system, they are major commercial and industrial centres where land for commercial and manufacturing purposes can only be obtained under the lease system. It is difficult to explain the situation in Gambela, however, as it is one of the late comers as regards the implementation of the lease policy.

Table 6-10 Proportion of Land under Lease holding.

Cities	Leased	Non Leased	Total	Percentage
Wollaita Sodo	682.00	15,428.00	16,110.00	4.20
Dilla	1,526.00	5,266.00	6,792.00	22.50
Dire Dawa	28,333.00	25,000.00	53,333.00	53.10
Jimma	549.00	17,554.00	18,103.00	3.00
Harar	1,189.00	26,895.00	28,084.00	4.20
Hawassa	23,701.00	6,878.00	30,579.00	77.50
Adigrat	3,724.00	7,866.00	11,590.00	32.10
Nekemte	574.00	21,099.00	21,673.00	2.60
Adwa	802.00	9,111.00	9,913.00	8.10
Assosa	309.00	8,440.00	8,749.00	3.50
Shashemane	6,300.00	14,700.00	21,000.00	30.00
Gambela	187.00	150.00	337.00	55.50
Hosanna	4,554.00	12,108.00	16,662.00	27.30
Bishoftu	1,363.00	14,574.00	15,937.00	8.60
Gondar	3,000.00	3,300.00	6,300.00	47.60
			Average Proportion	25.30

Source: SECR Field Survey, 2014.

6.3.3 LAND EXPROPRIATION FOR REDEVELOPMENT AND EXPANSION

Land expropriation for different purposes has been formally recognized in Ethiopia since the 1908 Addis Ababa Land Charter (Daniel, nd). It is also one of the legal issues addressed in the Civil Code of Ethiopia. Yet, expropriation and compensation has become a key challenge of urban management in Ethiopia with the unprecedented horizontal expansion of built-up areas and the onset of redevelopment efforts particularly in the major cities. More than half of the city administrations have furnished data on the amount of land reclaimed for redevelopment between 2011 and 2013 with largest (35 ha.) being reported for Bahir Dar, whereas the lowest (0.18 ha) took place in Bishoftu (Table 6.11).

Table 6-11 Inner City Area (Ha) Reclaimed for Redevelopment (2011-2013)

No	City	2011	2012	2013	Total
1	Hawassa	3.80	3.90	2.80	10.50
2	Adigrat	5.10	5.40	5.00	15.90
3	Dessie	2.10	5.30	11.00	18.40
4	Gambela	1.93	0.27	5.30	7.50
5	Kombolcha	1.06	-	-	1.06
6	Dire Dawa	0.51	0.18	0.27	0.96
7	Hosanna	0.28	*	0.23	0.51
8	Harar	0.11	5.30	1.00	6.41
9	Dilla	0.06	-	0.18	0.24
10	Bahir Dar	-	-	35.00	35.00
11	Assosa	-	-	14.00	14.00
12	Wollaita Sodo	-	-	1.00	1.00
13	Jimma	-	-	1.00	1.00
14	Gambela	-	0.27	1.00	1.27
15	Gondar	-	0.66	-	0.66
16	Bishoftu	-	0.18	-	0.18

Source: SECR Field Survey, 2014.

Discussions held with city officials during the field survey conducted in 2014 reveal that the areas targeted for redevelopment by city administrations are older settlement areas with high locational values that attract commercial development as well as large concentrations of *Kebele* administered residential and commercial premises. This is adopted as a strategy to minimize the cost of compensation for private properties that would otherwise be involved if redevelopment efforts were to be implemented in other areas where privately owned units dominate. Compensation will be paid for households whose properties have to be demolished and/or who have to relinquish their land holdings to give way for inner-city development. The

largest number of households compensated between 2011 and 2013 was in Mekelle, while the smallest was in Shire Endasselassie Wollaita Sodo, Adama and Debre Markos (Table 6.12).

Table 6-12 Number of Inner City Households Compensated (2011-2013).

No	Cities	2011	2012	2013	Total
1	Mekelle	435	469	-	904
2	Adigrat	112	73	85	270
3	Gambela	29	5	22	56
4	Dessie	16	16	154	186
5	Kombolcha	13	-	3	16
6	Hosanna	13	15	12	40
7	Dilla	6	6	13	25
8	Dire Dawa	6	12	-	18
9	Harar	6	17	21	41
10	Debre Markos	5	1	1	7
11	Adama	3	4	-	7
12	Nekemte	1	1	11	14
13	Hawassa	-	204	285	489
14	Assosa	-	-	153	153
15	Jimma	58	25	41	124
17	Wollaita Sodo	-	-	6	6
18	Shire Endasselassie	-	-	6	6

Source: SECR Field Survey, 2014

Proclamation No. 455/2005 (FDRE, 2005), which replaced Proclamation No. 401/2004 (FDRE, 2004) providing for the appropriation of land for government works and payment of compensation for property, outlines the general procedures to be adopted in facilitating the payment of compensation. However, the process of compensation to be administered in the urban setting was not without problems because of capacity limitations on the part of local governments that often lead to gaps between what is stipulated in the law and the actual practice regarding notification, property valuation, payment of compensation and appeals. Moreover, the lack of clearly outlined procedures invariably results in an unpredictable and in many cases unfair valuation and compensation (Belachew, 2013). The shortage of finance city administrations face to pay compensation complicates the problem. Moreover, a basic consideration in estimating the amount of compensation to be paid is improvements made on the piece of urban land. As a result, while the replacement cost of the property put on the land to be relinquished per se (and not the locational value of the land) is considered in determining the amount of compensation, cities paid different rates in birr/m² (Table 6.13).

Table 6-13 Rate of Compensation (Birr/m²) Paid by SECR Cities (2011-2013).

No	City	2011	City	2012	City	2013
1	Dessie	218,490.00	Dessie	218,490.20	Dessie	218,490.20
2	Mekelle	66,000.00	Mekelle	66,000.00	Mekelle	66,000.00
3	Dire Dawa	1,328.00	Dire Dawa	1,110.00	Jimma	18,000.00
4	Adigrat	812.80	Bishoftu	1,000.00	Shire Endasselassie	5,453.99
5	Dilla	650.00	Adigrat	928.44	Adigrat	989.99
6	Harar	285.40	Gondar	891.50	Dilla	950.00
7	Adama	3,023.00	Dilla	720.00	Harar	218.00
8			Harar	382.00	Wollaita Sodo	76.04
9			Adama	3,023.00	Adama	3,023.00

Source: SECR Field Survey, 2014.

The differences were widely noticeable between the highest paying cities such as Dessie which paid 218,490.20 birr/m² and Harar which paid the lowest 76.04 birr/m². Although one should not expect uniform rates, the huge variation across cities may suggest the existence of some sort of arbitrariness in the estimation process even accounting for a high plot-area ratio to be expected in densely populated cities like Dessie.

However, the rate of compensation for horizontal expansion was far below than that of inner city expansion. The low rate of compensations involved in case of horizontal expansion (which put relatively low pressure on city finances) seems to be a major factor for a generally limited redevelopment activity in urban centres.

Due to their very high population growth that is fuelled by natural increase and rural-urban migration, most cities in Ethiopia are exhibiting rapid horizontal expansion that invariably results in the displacement of farm households. Data on the total amount of land claimed for expansion during the years 2011-2013 in the 27 cities (Table 6.14) shows that most of the cities on top of the list (Adama, Bishoftu, Bahir Dar, Gondar, Dessie, Kombolcha, Mekelle and Assosa), are more populous towns that also have strong administrative, commercial and industrial economic base. Amount paid for compensation of farmers across the survey cities for the years 2011-2013 varied from city to city (Table 6.15).

Table 6-14 Area (Ha) Claimed for City Expansion (2011-2013)

No	City	2011	City	2012	City	2013
1	Kombolcha	1,558.52	Bishoftu	161.56	Adama	317.90
2	Mekelle	296.67	Assosa	157.00	Bahir Dar	171.00
3	Dessie	200.00	Bahir Dar	109.72	Mekelle	92.49
4	Harar	29.10	Adwa	13.02	Gondar	66.52
5	Bahir Dar	24.43	Axum	12.19	Bishoftu	60.68
6	Adwa	13.00	Hosanna	7.68	Kombolcha	48.04
7	Shashemane	8.15	Gondar	6.96	Wollaita Sodo	24.60
8	Adigrat	6.50	Adigrat	6.90	Harar	17.90
9	Axum	5.21	Shashemane	2.57	Shire Endasselassie	12.30
10	Gondar	4.44	Dessie	2.00	Dessie	11.60
11	Debre Markos	0.73			Adwa	8.24
12					Shashemane	8.20
13					Axum	7.25
14					Adigrat	7.10

Source: SECR Field Survey, 2014.

Table 6-15 Amount of Compensation (Birr) Paid to Farmers (2011-2013)

No	City	2011City	2012City	2013
1	Addis Ababa	180,553,731.50	Addis Ababa	338,003,312.00
2	Kombolcha	120,505,983.00	Bahir Dar	23,760,138.40
3	Mekelle	50,433,946.90	Bishoftu	20,879,100.00
4	Dessie	20,300,000.00	Axum	10,142,320.51
5	Harar	9,221,226.00	Dire Dawa	15,953,600.20
6	Bishoftu	5,774,004.10	Adwa	13,718,487.10
7	Axum	4,057,720.20	Adama	11,997,590.00
8	Bahir Dar	2,982,903.00	Gondar	5,118,596.39
9	Adwa	1,700,000.00	Hossana	3,734,243.00
10	Dire Dawa	1,280,935.84	Adigrat	3,671,106.87
11	Shashemane	977,639.15	Shashemane	2,982,750.00
12	Adigrat	745,636.23	Dessie	2,560,090.00
13	Gondar	690,687.54	Adwa	1,630,653.41
14	Nekemte	256,663.08	Hossana	1,141,875.00
15	Debre Markos	73,934.50	Shashemane	984,229.97
16	Adama	3,179,154.68		

Source: SECR Field Survey, 2014.

Unless measures are taken to promote more dense and compact development, cities continue to incur high costs for paying compensation to farming households as they continue to expand outwards. For example, in 2011, Dessie compensated 5,200 farmer households and Kombolcha 1, 802, whilst Adigrat compensated 1197 farmer households in 2012 and 2013 (Table 6.16).

Table 6-16 Number of Farmer Households Compensated (2011-2013)

No	City	2011City	2012City	2013
1	Dessie	5,200 Adigrat	652 Adigrat	572
2	Kombolcha	1,802 Bishoftu	390 Kombolcha	279
3	Adigrat	456 Dessie	130 Mekelle	197
4	Dire Dawa	63 Bahir Dar	118 Bishoftu	172
5	Shashemane	54 Dire Dawa	100 Dire Dawa	130
6	Adama	51 Adwa	60 Hawassa	78
7	Adwa	47 Axum	57 Gondar	78
8	Harar	42 Adama	35 Shashemane	55
9	Axum	34 Gondar	19 Shire Endaselassie	50
10	Nekemte	8 Shashemane	18 Harar	35
11	Gondar	7 Hosanna	8 Adama	30
12	Debre Markos	3	Adwa	28
13			Axum	16
14			Hosanna	13
15			Dessie	8
16			Nekemte	1

Source: SECR Field Survey, 2014.

City redevelopment efforts implemented in recent years are in the main renewal orientated and concentrated in inner city areas of larger cities such as Addis Ababa, Dire Dawa, Adama, Bahir Dar, Hawassa, Mekele and Dessie (PSD/AACCSA, 2011). They are generally undertaken in connection with the implementation of private sector driven commercial developments and the IHDP, while such redevelopment interventions could have brought more synergistic and sustainable results if connected with city-wide city planning and re-planning efforts and brought on board relevant stakeholders, particularly long standing residents and businesses, in the whole redevelopment process. Interventions in this direction had to give heed to the livelihoods of long time residents as well as the prevailing attitude among local professionals and leadership that is in favour of renewal rather than upgrading, which is often justified in terms of the dilapidated condition of the existing housing units that would entail huge costs if they were to be upgraded as well as the scope renewal interventions offer in terms of increasing density and efficient use of land.

6.4 CONCLUSIONS AND KEY MESSAGES

The ground reality of urban planning and land management in Ethiopia speaks to the need for a variety of interventions to enable sustainable and optimal practices.

Urban Planning

Enhancing the capacities of cities to prepare and implement urban plans is imperative to ensure effective urban planning practice: Cities should organize dedicated work units that will deal with implementation of urban plans, which should be optimized taking into account context-specific constraints to land supply, climatic conditions and location factors. This would involve preparing detail plans and site-specific ground surveying as well as compensation package for those to give way for cities' horizontal expansion or re-development.

Cities should prioritise timely updating of their plans to facilitate orderly city development, which can be leveraged by involving private consultants: Given the dearth of technical capacity in most urban centres, the involvement of the private sector as a stop gap measure will be necessary and, whenever possible, this should be applied as a capacity building measure by enabling city planners to work as counterparts with the external practitioners. City administrations should take the lead in initiating and coordinating urban planning projects in a

transparent and accountable manner. In this connection, cities should adopt structures and create fora that also facilitate participatory and inclusive planning.

City administrations should embrace the planning, development and management of public spaces as part and parcel of the overall urban planning process: Cities should in fact diligently work on the planning, development, protection and management of public spaces so that they could elevate their stature by improving their liveability. Moreover, areas reserved for public spaces need to be protected from private development and their management would require a dedicated institution entrusted with the appropriate mandates and adequate resources to discharge its responsibilities.

Cities should promote inclusive and participatory planning approaches in the development and management of public spaces: Success in ensuring the availability of and access to public spaces would depend on the extent to which cities adopt inclusive, participatory and multi-disciplinary approaches (i.e., a move away from a technocratic approach). The design of public spaces should give adequate attention to the inclusion of different social groups, e.g., children, women, the youth, the elderly and PWD. Moreover, environmentalists, planners, residents and environmental activists, etc. should work together to achieve sustainable results.

City administrations should combine the development of public spaces with private developments, which would also help render unique and attractive identity to city centres: This approach should replace the current dominant trend of packing road side locations and city centres with private multi-storey buildings. Cities should plan for open and green public spaces, which should be integrated with playgrounds for children and street furniture for the elderly as well as allow residents to conduct traditional events and festivals. This will not be addressed within the framework of the currently dominant two dimensional land use planning approach, which underlines the need to develop urban design and landscaping capacity that would enable the integration of public spaces as part of the city structure. Streets and public transport facilities should be planned as part and parcel of public spaces to create public spaces that are pedestrian-and non-motorized transport friendly.

MUDHCo should develop and put in place operational guidelines and regulatory frameworks for the planning and development of public spaces: The planning of public spaces should be adapted to the natural environment (i.e., topographic, geologic and climatic conditions) and respond to the various needs of the population (recreation, nature conservation, natural hazards mitigation, livelihoods promotion, etc.). The MUDHCo could take the initiative towards developing enforcing urban design guidelines, which it can handle as a partnership project with universities that have programs in built environment.

The potential benefits of public green spaces can only be realized through enhanced city planning, awareness and community participation: Recognizing the public benefits of green space areas - city ambience, recreation, community gathering, increasing property values and enhancement of the micro climate - cities need to engage communities in management of green spaces and ensure that the benefits are accessible to the wider community. Unless such benefits accrue to residents, the management of the natural capital may be compromised. Programmes to provide and expand green parks need to be undertaken to enhance availability and accessibility to a wider urban community across all the cities.

A holistic capacity building support is a prerequisite for the successful implementation of land management and development related policies and legal frameworks: more detailed operational guidelines should be developed and instituted as part of holistic capacity building interventions that would be necessary to enable city administrations effectively understand and implement the various land-related policies, strategies and proclamations developed and issued by the Federal Government. In addition, city administrations should establish dedicated work units with clear mandates covering the acquisition, development and allocation of land; issuance of deed titles; and registration of property rights. Such units should be provided with adequate resources to mobilize adequate manpower, adopt the necessary working systems and acquire the right technology. It will also be imperative to institute a monitoring and evaluation system that will help evaluate the implementation of land related policies as well as regularly review and update the urban land management related policies and laws.

Cities should adopt land management strategies that promote a denser, compact and sustainable city form: Holistic measures should be undertaken to address the issue of urban sprawl by ensuring efficient use of land; otherwise, cities will continue to incur high cost of compensation to farming households, which would negatively impact the cost of infrastructure provision as well as the efficiency of land-related urban service delivery.

Cities should adopt a twin track approach towards informal settlements: City administrations should adopt strategies that help control the expansion of informal settlements by penalizing those engaged in the process of informal acquisition of urban land. They should internalize that demolition of informal settlements does not on its own end the problem and a lasting solution lies in creating capacity for the proactive delivery of residential land. They should therefore institute a system for undertaking regular land audit and inventory of informal settlements to make the process of informal settlement control more effective.

Cities should prioritize the opening of roads to facilitate the provision of other infrastructure and services: Planning the road layout of cities before occupation would contribute to facilitating the provision of basic infrastructure and services and hence regularization of informal settlements and inner city upgrading. Improving road access may be integrated with a phased approach to regularization of informal settlements.

City administrations should adopt regularization and plot readjustment measures in view of the widespread occurrence of informal settlements in urban centres: An immediate task for city administrations in this regard is embarking on inventory of land uses using their base maps that are recently updated in connection with on-going Federal Government supported cadastral projects. This would serve as a basis, among others, to identify vacant plots that are available within the administrative boundaries of cities as well as to know the extent and location of informal settlements. Regularization of informal settlements would also help releasing land for housing development through the market mechanism in view of the presumed connection between security of tenure and improvement in housing conditions as well as enhanced transaction in land use rights and housing. Moreover, given the large size of most of the informally occupied residential plots, informal settlers may also be willing to sell portions of their land holdings that would contribute to densification.

Cities should adopt incentive mechanisms to attract and retain well qualified and experienced experts to benefit from the application of digital LIS: the high turnover of experts, among others, is the major factor affecting the sustainability of computerized cadastral systems. Although the initial establishment of LIS is something to be implemented as a project often with the support of experienced consultants, city administrations should be sourced with a

critical mass of LIS experts that can operate and update such systems. This will depend, however, on their capacity to offer attractive incentive packages for LIS experts.

Cities should step-up their efforts towards implementing the urban land lease holding policy insofar as it allows them to generate revenues to acquire and develop land: the current level of land delivery under the lease arrangement is highly constrained and this is observed to be affecting local economies. As local contexts invariably affect its implementation, city administrations are encouraged to conduct a comprehensive review of challenges faced in the implementation of the policy involving residents and private sector actors as well as staff working in planning, land management and city finance departments.

City governments, with guidance and support from regional and/or Federal Governments, should institute predictable land compensation systems: Compensation to be paid to city and rural residents in connection with inner city development and urban expansion should be handled in a manner that minimizes disputes and maximizes citizen's satisfaction. This would require, among others, adopting transparent procedures for estimating compensation and participatory approaches to promote consensus based decisions towards ensuring the sustainable livelihoods of persons to be affected.

Cities should be supported by higher levels of government to institute systematic knowledge management systems for urban planning and land management: The creation of a systematic knowledge management system would facilitate learning and capacity building within and across units dealing with urban planning and land management. Given the difficulties experienced in retrieving data for the study, more attention should be given towards capturing, updating, storing and disseminating of city level information in general and urban planning and land management related information in particular.

City administrations should implement inner-city redevelopment projects as part and parcel of city development strategies: redevelopment interventions should be undertaken through well-thought local development plans that are linked to city-wide physical and strategic plans. Cities should allocate sufficient resources to finance the implementation of the redevelopment program that would constitute, among others, costs related to land acquisition (i.e., compensation to be paid for households who have to relinquish their properties), infrastructure development and project administration (e.g., consultations with stakeholders). Cities also need to establish systems that would enable them to fully recoup their financial outlays in acquiring, developing and distributing land.

7.0 OVERVIEW

In the context of this report, governance and finance are assessed as an interdependent set of features which, together, enable local authorities both to meet the basic needs of their citizens and create opportunities for equitable economic growth. The chapter is organized under two main sections. The first section on governance is organized under two main sub-sections. The first offers a brief overview of the policy framework on urban good governance including developments on the adaptation of norms of good governance. The extent to which the seven urban good governance principles (elements) are operationalised is the focus of the second sub-section. The second section of the chapter is devoted to the discussion on municipal finance that cover the revenues cities collect and the expenditures they incur to provide services to their residents. The report concludes with key messages for federal, regional and city level actors.



PLATE 7-1 POLICY AND STRATEGY DOCUMENTS PUBLISHED BY MUDH

7.1 THE URBAN GOOD GOVERNANCE POLICY FRAMEWORK

Urban good governance is a prerequisite for sustainable urban employment creation, poverty reduction, inclusive development and environmental management. The Ethiopian policy framework resonates with the UN-Habitat conception of good urban governance:

Urban governance is the sum of the many ways individuals and institutions, public and private, plan and manage the common affairs of the city. It is a continuing process through which conflicting or diverse interests may be accommodated and cooperative action can be taken. It includes formal institutions as well as informal arrangements and the social capital of citizens (UN-Habitat, 2002:12-25).

The various urban development policies and strategies adopted by the Federal Government and the related legal frameworks consider good governance as the springboard for accelerated

urban development. According to the Urban Development Policy issued in 2005, the promotion of democracy and good governance in Ethiopian cities is expected to enable citizens to benefit from the country's overall development endeavour and exercise local self-rule (Box 7.1)

BOX 7-1 THE ETHIOPIAN URBAN GOOD GOVERNANCE POLICY STATEMENT

Urban administrations should be able to provide services at all levels in efficient, transparent and accountable manner, which they should continuously improve to ensure the satisfaction of their residents. City administrations are also expected to ensure the transparency of policies and strategies, budgets as well as rules and regulations, which should also be formulated, implemented and evaluated through public participation. All officials and employees of city administrations should be held accountable for any misconduct or administrative malpractices. In this regard, up to date and comprehensive information on the performance of city administrations should be provided to the public on a regular basis. Public feedback and grievances should get immediate redress.

Source: (MUDHCo, 2011).

For more than a decade now, both the Federal Government, regional states and the two chartered city administrations have made progress in upholding the urban agenda with respect to good urban governance. The gradual incorporation of the urban agenda in the country's development programme was evident even before the adoption of the Urban Development Policy in 2005. Urban development was earlier included as one of the issues to be addressed in the second national poverty reduction programme, known as Plan for Accelerated and Sustained Development to End Poverty–PASDEP (2005/06-2009/10). The PASDEP component “Plan for Urban Development and Good Governance” was a significant development that recognized urban development and good governance as two sides of the same coin. PASDEP has also adapted the internationally recognized elements of good governance as guiding principles for the implementation of the Good Governance Package (Federal Democratic Republic of Ethiopia (FDRE) Ministry of Works and Urban Development, December 2007). With the adoption of the 2005 Urban Development Policy, all norms of good governance were integrated under the good governance section of the policy document.

BOX 7-2 FEDERAL GOVERNMENT POLICY INITIATIVES ON URBAN GOOD GOVERNANCE

Over the years, the GoE has introduced and implemented several policies demonstrating its commitment towards decentralization and creating improved governance of cities in the country, which include:

- *The Civil Service Reform Program (1994)*
- *Urban Development Policy (2005)*
- *Plan for Accelerated and Sustained Development to End Poverty–PASDEP (2005/06-2009/10)*
- *Urban Good Governance Package (2006)*
- *Urban Local Government Development Program (2008)*
- *Growth and Transformation Plan (2010/11 - 2014/15)*
- *Urban Development Policy (2012)*
- *National Strategy for Enhancing Implementation and Public Mobilization Capacity of Cities (2012)*
- *Ethiopian Cities Prosperity Initiative (2013/14–2025)*
- *Urban Developmental Good Governance Strategy (2014)*

The GoE, at all levels, has continued to commit itself towards entrenching good urban governance practices through policy initiatives the latest of which being the Urban Developmental Good Governance Strategy; and the Ethiopian Cities Sustainable Prosperity Initiative (Box 7.2 and Box 7.3).

BOX 7-3 INSTITUTIONALIZING CITY SUSTAINABILITY PROSPERITY INITIATIVES IN ETHIOPIA

The guiding principles, which are articulated in the revised Urban Developmental Good Governance Capacity Building Framework and Implementation Strategies document, which aim to create functional cities include:

- Strengthening public-private partnership (PPP)
- Ensuring transparency and accountability in the provision of public services
- Improving the efficiency and effectiveness of city administrations
- Ensuring the rule of law
- Achieving sustainable development that is aligned with equitable distribution of wealth among citizens
- Building consensus with the general public towards realizing urban development and the objectives of the good governance strategy.

Source: (MUDHCo, 2014).

Moreover, the commitment of the government towards urban development and the notable financial and technical support from development partners including the WB and GIZ had facilitated federal and regional governments' as well as city administrations' drive for urban reform. These refer to several multi- sectoral and national projects that include the Capacity Building for Decentralized Service Delivery (CBDSD), Urban Management Capacity Building Programme and more recently the Urban Local Government Development Project (ULGDP-1) and ULGDP-2.

7.2 INSTITUTIONALIZATION OF URBAN GOOD GOVERNANCE PRINCIPLES

The key elements of good governance are subsidiarity, efficiency, effectiveness, equity, transparency, financial accountability and public participation. The ensuing discussion on these elements, which is based on the study conducted on the 27 cities covered in this report, demonstrates how the governance architecture of Ethiopian cities embodies these principles.

7.2.1 SUBSIDIARITY

The institutionalization of the current legal framework and decentralized urban governance system of Ethiopia is based on the principle of subsidiarity. Using the available information, the state of devolution of authority and resources to the 27 city administrations was reviewed in terms of evolution of the legal framework for decentralized urban governance and the delineation of city administration functions.

The Legal Framework for Decentralized Urban Governance

Although the history of municipal institutions in Ethiopia dates back to the 1940s during the imperial regime, meaningful progress on the general framework for decentralized municipal governance came with the adoption of the 1994 Federal Constitution (FDRE, 1995), which stipulates self-rule at all levels. The Constitution defines administratively, politically and fiscally devolved relationships between the Federal Government and the nine member states of the federation (Tigray; Afar; Amhara; Oromia; Somalia; Benishangul-Gumuz; SNNP; Gambela

and Harari regional states). Addis Ababa and Dire Dawa are established as chartered cities as per federal proclamations enacted by the House of Peoples' Representatives (FDRE, 2003 and FDRE, 2004).

The Constitution expressly provides for the legal basis upon which regional states can take measures towards decentralized urban governance through a number of provisions. Article 88(1), for example, states: "Guided by democratic principles, government shall promote and support the people's self-rule at all levels." Under Article 52(2/a), it empowers regional states "to establish a state administration that best advances self-government, and a democratic order based on the rule of law to protect and defend the Federal Constitution." The provisions of Article 50(4) enable regional states to create the legal framework for the establishment of urban local administrations, stating that:

State government shall be established at state and other administrative levels that they find necessary. Adequate power shall be granted to the lowest units of government to enable the people to participate directly in the administration of such units (FDRE, 1995 P. 20)

However, the Constitution does not explicitly mention about the establishment of urban or rural local government. Notwithstanding the presence of this constitutional framework, it took some time for regional states to establish their own legal frameworks for establishing urban local governments (ULGs). Most of the ULGs were formed during the previous decade. Although regional states had adopted such legal frameworks at different years, establishing legal frameworks for ULGs gathered momentum with the affirmation of the government's commitment towards urban development by issuing the national urban development policy in the year 2005.

Forms of Urban Local Government

While the federal legislation applies to the chartered cities of Addis Ababa and Dire Dawa, all other cities come under the regional statutes. The various regions issued these proclamations in different periods, the Amhara National Regional State was the first to enact such legislations in 2000 (Proc. No 43/2000), followed by the Southern (Proc. No. 51/2002), Oromia (Proclamation No. 65/2003), and Tigray (Proc. No. 65/2003) regional states. All of these four regional proclamations were later amended by proclamations issued by the regional governments of Amhara, SNNP, Oromia and Tigray in 2003 (Proc. No. 91/2003), 2006 (Proc. No. 103/2006), 2006 (Proc. No. 116/2003) and 2006 (Proc. No. 107/2006), respectively. The regional states of Afar, Benishangul-Gumuz, Gambela and Somali as well as Harari issued their proclamations in 2007.

The City Proclamations issued by the various regional governments are more or less similar in structure and content. Generally, they provide significant autonomy for cities to set their own standards, policies, plans, budgets, etc., while they also state that the regional government will issue more detailed guidelines and directives on such matters, which seem to encourage a kind of "wait and see" attitude among city administrations. The issuance of regional level legislation defining the status, roles and relationships of urban administrations also meant the evolution of different forms of urban local government entities. At the time of the study, out of the 973 settlements recognized as urban centres by the CSA during the 2007 census, 122 cities obtained city administration status based on regional state laws. Some city administrations have special zone status; many others have *Woreda* (district) status, while others are part of *Woreda* level administrations that have both rural and urban constituencies. Smaller towns generally come under *Woreda* administrations.

For all forms urban local administrations, i.e. those with chartered, zonal or *Woreda* status, *Kebeles* are still the lowest administrative units. Nevertheless, the Addis Ababa City Administration had already introduced sub-cities and *Woredas* as the second and third tiers of administration, while abolishing the former *Kebeles*. The sub-city level is also recently introduced as a layer between city administrations and *Kebeles* in other towns such as Hawassa, Shashemane, Dilla, Wollaita Sodo and Gondar.

Chartered Cities: Addis Ababa and Dire Dawa are chartered cities established by federal proclamations. The two cities, in some ways, enjoy regional state level relationship with the Federal Government.

Urban Woreda Administrations: Also named by the CSA as Urban *Woredas*, these are the most common form of ULG. Out of the 122 city administrations, 115 were established as urban *Woredas*. Regarding SECR, 16 of the 27 cities covered under the study were urban *Woreda* administrations. Of the 16 cities, only Dessie and Kombolcha, cities in the Amhara Region, have rural populations of 16.4% and 24% under their jurisdiction, respectively. *Woreda* city administrations enjoy a similar level of subsidiarity with established *Woreda* (district) administrations. They also have legislative, executive and judiciary authority. Members of the *Woreda* council (city council) are elected via local elections that are held separate from national government elections. Despite the designation of own-source revenues for city administrations as per urban local government proclamations, city administrations are dependent, although to varying degrees, on transfers they receive from higher levels of government that invariably affects their fiscal autonomy. Moreover, regional governments provide very detailed guidance in the form of City Tariff Regulations, which specify local tariff and tax rates for the various revenue sources as per a city grading scheme that would categorize the various urban areas within the region according to their administrative status, size of their population and economic activities as well as infrastructure development. These legislations determine fixed tariffs and rates that are applicable at a city level, while there are also cases in which the maximum and minimum allowable tariffs and rates would be fixed thus giving cities some discretion.

Urban Special Zone Administrations: This form of local government is found in the four large regional states of Oromia, Amhara, SNNP and Tigray. Among the 27 cities covered by this report, Adama, Jimma, Hawassa, Bahir Dar and Mekelle have special zone status, cities that have the most significant administrative and/or economic importance within their respective regions. Only two of these city administrations with zonal status, Hawassa and Bahir Dar, have rural populations of 15% and 28.4%, respectively, whereby administrative reclassification that accompanies the expansion of built-up areas entails changes in the residential status of rural populations into urban hence contributing to further increases in the size of urban population from time to time.

City Councils: The city council, elected every five years, is accountable to the constituency, and, in the case of Addis Ababa and Dire Dawa that have chartered city status promulgated by federal proclamations, their accountability extends to the Federal Government too.²⁹ In all city

²⁹ Article 61 of Proclamation No. 361/2003 (Addis Ababa Charter Proclamation) and Article 15 of Proclamation No. 416/2004 (Dire Dawa Charter Proclamation) stipulate that the Council of Representatives has the power, where the city council commits an act that endangers the Constitution or where it fails to control the security and emergency situation, to dissolve the city council, designate care taker administration for a specified period and order election. The Prime Minister executes such decisions.

governments, the mayor is elected from council members to perform executive functions. Members of the city cabinet (mayor's committee) who are in charge of city departments are nominated by the mayor and approved by the City Council.

Councils in all cities oversee the performance of mayors' committees. On top of council meetings to be conducted every three months, a minimum of four standing committees, each with membership size of 7–13, are established. City-wide long term strategic plans, urban plans and annual budgets require approval of city councils. City proclamations promulgated by regional governments provide city administrations the power to enact ordinances, but this power is not commonly exercised in most cities that seem to rely on proclamations, regulations and directives to be developed by regional governments, with the exception of the chartered cities of Addis Ababa and Dire Dawa that are more active in this regard.

Delineation of City Administration Functions

Broadly, city administrations' roles and responsibilities fall under two broad categories: state functions and municipal services. Several city level offices perform state functions under the city mayor.

Services listed as state functions are similar across city administrations with some variations reflecting the conditions and requirements of the cities. They include education, health, trade and industry (including MSEs), tourism promotion and transport, cross boundary roads, investment promotion and environmental protection. Other functions directly overseen by the mayor and the city cabinet include gender mainstreaming, youth issues, sports and culture, housing maintenance of law and order and collections of tax and non-tax revenues. Most of these services are linked to those provided by regional and Federal Governments, and hence, to "mother" institutions established at the regional and federal levels as bureaux or ministries. The main budgetary sources for these "state functions" are revenues to be collected from own revenue sources to be complemented by transfers to come from and/or through regional states.

City managers are professionals responsible for municipal services and accountable to the mayor. The services that are under the purview of the city manager include preparation of detail plans, land development and administration, construction and management of city roads, sewerage and drainage lines, development and management of public parks and recreational areas, urban greenery and beautification, waste collection and disposal, sanitation and street cleaning, provision of land³⁰ and building permits, prevention and control of floods, erosion and pollution, abattoir services, civil status record operations, water supply, street lighting and fire protection.

On the other hand, public utilities such as electricity and telephone belong to national parastatals that have their own city level branches.

7.2.2 EFFICIENCY AND EFFECTIVENESS

Efforts aimed at improving the efficiency and effectiveness of urban administrations have come through a number of trajectories initiated by the Federal Government under the Civil Service Reform Programme (CSRP), including strategic planning and management (SPM) and business process re-engineering (BPR). Accordingly, city administrations were able to formulate their

³⁰ Apart from being a key source of city revenues, land is increasingly seen as a developmental tool and city cabinets oversee its allocation through land development and management offices established at the city level.

own vision and mission statements, a number of them for the first time, whilst BPR was applied with a focus on service delivery improvement through organizational restructuring, development of service standards and human resource development related interventions.

Strategic Planning

All 27 city administrations have adopted the SPM process as part of CSRP. The common strategic vision statements include; a city free from poverty; a city that satisfies citizens' demand for infrastructure and services; a city that is clean and green, etc. As most of these statements were developed as part of CSRP, their focus on efficiency and effectiveness of service delivery is evident. Further, city visions are to all intents and purposes aligned with the following vision statement of the urban development policy:

To see developed urban centres that are inter linked and internationally competitive, capable of serving as centres of democracy and development in their localities by ensuring efficient service delivery, being suitable for residence and adherence to plan (MUDHCo, 2005p. 6).

As most of these visions were developed within the context of implementing the CSRP, it can arguably be said that this was the first experience for many cities to develop broad-based vision and mission statements by engaging with residents and other non-state actors. There were also attempts to define city vision and mission as part of city planning efforts. In case of Addis Ababa, Mekelle and Adama, these were achieved by *ad-hoc* city planning project offices these city administrations established to update their citywide plans. In addition, many cities had adopted city-wide planning processes linked with the experimentation of the Integrated Development Planning (IDP) approach. It was in connection with the latter kind of planning processes that the need to integrate economic growth and poverty reduction with environmental sustainability and inclusive development were found as key issues.

BOX 7-4 **LEHULU: ONE-STOP-SHOP FOR PAYMENT OF UTILITY BILLS IN ADDIS ABABA**

Early in 2013, a unified utility billing system known as “Lehulu” started operating in Addis Ababa. The literal English translation for the Amharic word is “for every one” or “for every service”, indicating that city residents can now pay different utility bills at a single service window at convenient times and locations. Before *Lehulu*, residents had to pay electricity, water and telephone bills in three different centers, at branch offices often located at the convenience of the service providers. Moreover, payment centers for Ethiopian Electric Power Corporation (EEPCO), Addis Ababa Water and Sewage Authority (AAWSA) and Ethio-Telecom used to have different payment schedules. Paying utility bills was a challenge for most households in Addis Ababa, and it was not uncommon to see long queues of customers waiting patiently to pay utility bills. Customers of the three services used to take up to three different days as payments had to be paid in three different or overlapping schedules at different locations.

Lehulu was facilitated by the Ministry of Communication and Information Technology (MoCIT). Bills can now be paid for 11 hours (8:30 a.m. - 7:00 p.m.) on working days, and, for seven hours on weekends (9:00a.m.-4:00 p.m.). The service started with 31 One Stop Shops (OSS), now increased to 57. There is a plan to scale-up the service to other major regional capitals, including Adama, Bahir Dar, Hawassa and Mekelle. It is envisaged to include more services such as collection of traffic fines. *Lehulu's* reported objective of extending the service through mobile phone transactions will be transformational as it may no longer require customers to travel to payment centers. Among the lessons learned is the proof that Public Private Partnership can also be piloted for delivering urban infrastructure. It has also demonstrated the transformational impacts of ICT on city infrastructure and services delivery. Joint planning, design, building and maintenance of infrastructure continue to be some of the challenges facing Ethiopian cities. The difference *Lehulu* made should inspire infrastructure providing agencies to look for other areas where commitment for similar coordination can make a difference.

Source: (“Ethiopia Introduces,” 2013) and (Kifiya Financial Technology PLC, 2013).

BPR was introduced in all of the 27 cities covered by the SECR with the view to minimizing complaints about the level of services being provided and hence achieving more efficient delivery of services to city residents. Citizens' satisfaction and cost reduction were the primary objectives (Box 7.4). Although these measures have made impact on service delivery approaches and contributed to the establishment of service delivery standards, it also seems that city administrations were unable to keep the momentum and engage in continuous service improvement processes. A big challenge has been high turnover of leadership and staff.

Making Human Resources Work for Improved Service Delivery Performance

Improvements in service delivery performance would require access and capacity to use financial, human and technological resources; yet these are in short supply in all cities. Even if adequate financial, human and technological resources were available, without effective leadership and good human resource management, building and sustaining the motivation of municipal staff towards the realization of institutional vision, mission and mandates as well as their commitment towards public service delivery would remain very challenging tasks.

Human resources related data were collected from city administrations in view of the significance of human resources in terms of achieving improved service delivery. Accordingly, based on the data on the total number municipal employees that could be obtained from 21 cities, those cities with large population size were found to have fewer employees per thousand inhabitants compared to smaller cities. Among the cities categorized as regional administrative and economic centres, Adama employs the lowest number of staff (8) per thousand residents. Semera, with the smallest population, employs the largest number of employs per thousand populations (50). As the population size of cities increases, the number of employees per thousand populations tends to be relatively low. One possible interpretation of this situation could be the possibility of achieving economies of scale by the larger city administrations in establishing organizational units for the delivery of specific services. Even then, Addis Ababa and Gambela both have 20 employees per thousand residents, which perhaps suggests limited number of staff hired by the city administration of Gambela as compared to the other emerging region capitals.

On the other hand, 18 of the 27 cities have adopted organizational structures and staffing plans that were prepared taking into account their specific situations. For cities in Oromia, Amhara, SNNP and Tigray these were undertaken in conjunction with their respective city grading studies. The structure and staffing plans were prepared along the lines of state functions and municipal service categories in the context of the urban management capacity building program supported by the WB-supported Capacity Building for Decentralized Service Delivery (CBDSD) project. With the exception of Addis Ababa and Dire Dawa, cities in the various regional governments have adapted organizational structures developed by regional bureaus for urban development for cities with comparable size and/or level of development as specified in urban grading regulations issued by regional governments. There are also indications that some modifications were undertaken on the organizational structures of city administrations in connection with BPR-related interventions.

Despite such attempts to modify the organizational structures to be adopted by city administrations, ULGs are suffering from inadequate staffing due to, among others, a high level of staff turn-over. The problem is compounded by frequent reshuffling of top management officials, which is common in city administrations such as Adama, which had seen six mayors between 2009 and 2013 alone (Dadi, Kwame and Asfaw, 2014). This state of affairs no doubt would affect the operational efficiency of city-level agencies thereby compromising their service delivery capacity.

The dynamic nature of citizens' service needs and availability of resources would require making continuous improvement and innovation in terms of working methods and service standards to be adopted. On the other hand, to date, none of the cities have adopted occupational standards that should be linked with well defined service standards. MUDHCo's strategy document, which outlines the Ministry's vision on improving municipal service standards, acknowledges the absence of national standards for municipal services notwithstanding efforts made by individual cities to develop their own service standards as part of BPR. As already stated in the strategy document, municipal service standards should be developed based on thorough study and aligned to occupational standards (MUDHCo, 2012b).

7.2.3 EQUITY

City administrations also deal with equity issues, notwithstanding the challenges they face in terms of access to resources and achieving effective targeting. As already discussed in those chapters dealing with urban infrastructure and services, housing provision as well as inclusion, poverty and safety, social services such as education and health are provided free of charge or at nominal prices, whilst the IHDP was implemented with the objective of addressing the housing needs of the poor. In addition, most of the projects which NGOs implement in urban areas address social issues that require a focus on the equity dimension.

The discussion about equity can also be extended to the national level with regard to cities' access to financial resources. So far the revenue sharing practices that govern the flow of funds from higher levels of government to city administrations are unpredictable as they are discretionary, for there were hardly any standards or officially adopted guidelines and regulations that refer to transfers to urban local governments. SNNP is the only region providing grants to city administrations of *Woreda* status on equal basis as that of predominantly rural *Woredas* in the block grant transfer process, which even then is confined to making finance available for services designated as state functions (Garcia & Rajkumar, 2008).

The reported amounts of transfers are often erratic and cities may get back only a fraction of the state revenues they collect on behalf of higher levels of government. Thus a city with relatively high level of economic activity and collecting large amount of state revenues may not necessarily get a sufficient amount of financial transfer that would enable it to improve the delivery of infrastructure and services to a level that is commensurate to its status. A strategy document previously issued by MUDHCo (MUDHCo, 2012), had already recognized this challenge faced by city administrations and underlined the need to develop generic revenue sharing guidelines that could be adapted by the regional states to augment the revenues to be collected by city administrations from their own sources, which is further reinforced in the recently issued strategy document (MUDHCo, 2014a).

7.2.4 TRANSPARENCY AND ACCOUNTABILITY

This section examines the extent to which accountability practices are institutionalized in the 27 cities. As mentioned in all of the ULG proclamations, the fundamental principle of transparency and accountability comes from the city administrations' source of power, namely the citizens. In particular, city budget preparation, city revenues (tax assessment), urban planning and auditing are expected to be handled in a transparent manner. Moreover, public disclosures, including the use of the media, are emphasized. In the following section, the status of independent auditing and public disclosures is described.

Public Disclosure

All cities have developed systems of service delivery that state the maximum time it takes to deliver a particular service along with the standard requirements to be fulfilled by the customer. These are normally disclosed in public gatherings, while they will also be displayed on notice boards of municipalities and the particular office providing the specific service. Cities also use radio and TV channels to disseminate information on issues such as urban land lease auctions, deadlines for paying taxes, and tenders.

Public hearings at *Kebele* level and participatory meetings take place with specific stakeholder groups such as professional associations, women associations, youth associations, and faith based organizations, persons with disabilities, vulnerable groups, business community, rural community, government officials, civil servants and political parties (World Bank, 2014). Nevertheless, with the exception of the CIP process that was being implemented in connection with World Bank funded projects, city administrations and city level offices do not keep systematic records on the number and purpose of participatory events organized as well as the dates, places, key issues discussed (agenda), number of participants and/or institutions they represent, consensus reached or decisions taken (minutes).

Independent Auditing

Financial audits, undertaken according to established regulations, are the main form of accountability practices in the city administrations and all local government entities and funds are subjected to external audit (World Bank, 2014). External auditing is given the highest priority by all local governments. Financial and compliance audits include assessment of potential and actual instances of fraud, embezzlement and misuse.

The independent audits conducted on city administrations for 2006 EFY (2013/2014 G.C.) show the opinions of external auditors on whether the information presented was correct and free from material misstatements, whereas all other determinations were left for the user to decide. Accordingly, with the exception of Shashemane, all other cities had qualified³¹ independent auditors' opinion.

Shashemane was the only city with a clean audit opinion. In other words, the financial statements were found free of material misstatements and were presented in accordance with GAAP. On the contrary, adverse opinion was issued on Semera where the financial statement was pervasively different from GAAP. On the other hand, six cities (Addis Ababa, Axum, Dire Dawa, Gondar, Mekelle, and Wollaita-Sodo) posted summary annual budgets, approved projects, expenditures, audited accounts and results of procurement decisions. Overall, most of the cities do not post their audited financial reports in city halls, city level offices and other public places.

Corruption

Corruption is a key challenge against the institutionalization of good governance, poverty reduction and urban economic development. Corrupt practices do not only undermine the rule of law but also make other norms of good governance dysfunctional.

³¹ Auditors might issue qualified opinion when they encounter a situation whereby either one or more areas of the financial statement do not conform to GAAP or they could not audit one or more areas of the financial statements.

The key sectors and services most vulnerable to corruption are land management (Box 7.5), construction, procurement and licensing.

BOX 7-5 MAIN FEATURES OF URBAN LAND MANAGEMENT RELATED CORRUPTION IN ETHIOPIA

The first national anti-corruption survey conducted in 2001 by the Addis Ababa University (AAU) and the Federal Ethics and Anti-corruption Commission (FEACC), had identified municipal institutions in charge of land allocation as one of the most vulnerable to corruption. This situation has not changed since then as evidenced by the second national corruption survey (FEACC, 2012). Only 22% of the respondents rated the services delivered by “municipalities” that allocate land as good or very good, while respondents perceive that corruption in land management related services is on the increase over the last three years. In addition, land-related corruption is rampant, as acknowledged in recent policy and strategy documents of the government, which has been one of the major focus areas of FEACC. In its 2007/2008 Annual Report, 28 of the 63 cases investigated during the year were in the land administration and development sector (World Bank 2012b).

Among the various factors that are cited in various surveys and studies (FEACC, 2012; FEACC/JGAM Donors, 2014; FEACC, 2008; MUDHCo, 2014a ; and MUDHCo, 2014c, and MUDHCo, 2013a; World Bank, 2012 and Plummer, 2012) as contributors to high level of corruption in land management related services include: limited institutional and professional capacity to deliver efficient land management services; low salaries of staff who work in land management departments; lack of transparency and accountability in land management related procedures; lack of strong integration between urban planning and land management operations; poor enforcement of land use plans and building; limited public participation in land related governance; overlaps and ambiguities in land related mandates; lack of clearly articulated land related rules and their frequent changes; centralization of a decision making power; lack of monitoring and institutional control on land management operations; and widespread occurrence of forged land related documents.

Land related corruption, which is manifested in terms of delays and unofficial payments as well as fraudulent allocation and misappropriation of land has resulted, among others, in high transaction costs negatively affect urban-based businesses and hence overall urban productivity and local economic development. According to the second national corruption survey recently undertaken by FEACC in collaboration with donors (FEACC/JGAM Donors, 2014), foreign investors have identified access to land and land related corruption as one of the major obstacle for their performance highlighting the imperatives of streamlining land management systems as a way of making Ethiopian urban centers attractive for FDI.

Some of the suggestions the various corruption related surveys and studies indicated to make land management operations more efficient and less susceptible to corruption include: modernizing land records systems; developing and instituting transparent and accountable land administration procedures; creating one stop shop services; organizing regular consultations with businessmen and the general public; keeping land related transactions on line.

Source: (FEACC, 2012), (FEACC/JGAM Donors, 2014), (FEACC, 2008), (MUDHCo, 2014a), (MUDHCo, 2014c), (MUDHCo, 2013a), (World Bank, 2012b) and (Plummer, 2012).

7.2.5 PUBLIC PARTICIPATION

Public participation comes in various forms. However for the purposes of this report focus was on elections with emphasis on voter participation and consultation processes.

Local Government Elections

Local government election is the most pervasive form of public participation and one of the key indicators of good governance considered by the SECR. As also highlighted in a couple of recent urbanization related studies (See the Chapter on Population Dynamics and Urbanization Trends), the pace of urbanization is also expected to accelerate beyond current rates as new and emerging Ethiopian cities are at the centre stage of the country's drive for industrial transformation as well as its goal of achieving a middle income country status. Thus ULG elections will be more and more important for Ethiopia with the years to come.

The 1994 Constitution and regional enactments of urban governance form the basis of local elections that takes place in urban areas. Article 8(3) of the constitution states that:

"The sovereignty (of the Nations, Nationalities and Peoples of Ethiopia) shall be expressed through their representatives elected in accordance with this Constitution and through their direct, democratic participation." Another Article 38(1) further states that: "Every Ethiopian national (has the right) to take part in the conduct of public affairs, directly and through freely chosen representatives" (FDRE, 1995).

In addition to articles quoted in the previous section of the report [articles 88(1), 52(2/a) and 50(4)], the city proclamations of the nine regional states as well as the Federal Government proclamations on the chartered cities of Addis Ababa and Dire Dawa provide the legal basis of local government elections. In the case of Addis Ababa and Dire Dawa, local urban elections go beyond the local level as they have the legal basis for establishing city councils that are almost at par with regional councils as well as to make representations at the national parliament (House of Representatives).

Since the publication of the 1994 Federal Constitution, four local government elections had been organized in 1996, 2001, 2008 and 2013.³² As the various regional governments issued their city proclamations in different periods, urban local government elections that cover all of the nine regional states and Addis Ababa and Dire Dawa could only be held in 2008 and 2013. As far as ULG elections are concerned, the 2008 and 2013 elections were marked by two significant developments. The regional ULG proclamations established *Woreda* and Special Zone level urban administrations. Many medium and large towns were allowed to form their own city, *Woreda* and *Kebele* councils. Secondly, the number of representatives at the *Woreda* and *Kebele* councils was raised significantly, allowing such councils to engage in different forms of participation. With this background the report continues with voter participation at the 2013 local government election.

³²The local government election that was scheduled for 2006 was postponed due to the 2005 post-national and regional election violence, Government reviews and some changes were made on local level representations at the *Woreda* and *Kebele* administration councils.

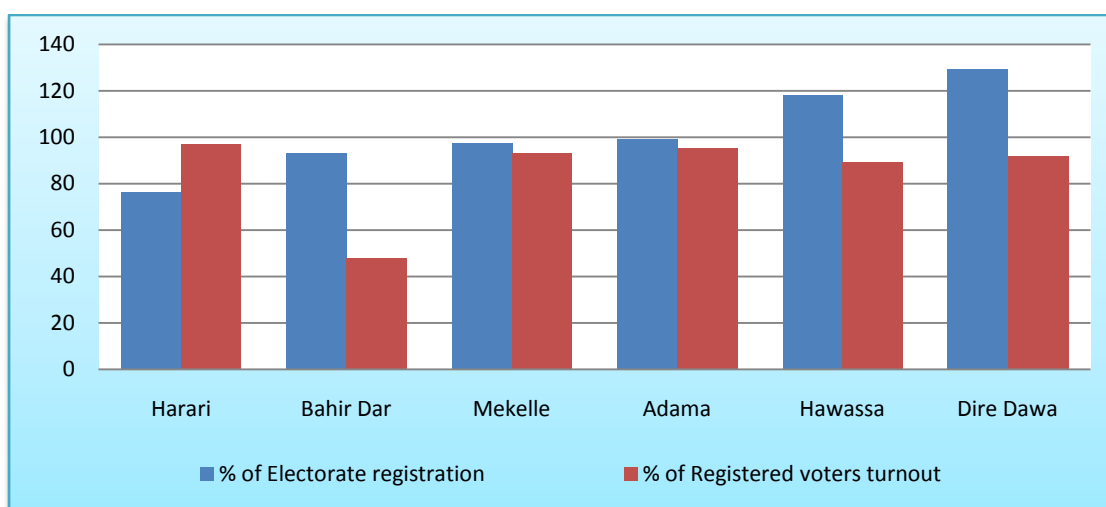
Voter Participation

According to the National Electoral Board, rural and urban voter turnout for the 2013 local election was 88.93%. Female voter turnout was 48% (nearly half) of the total turnout. For the purpose of this report, information on electorate turnout (the number of eligible voters registered at voter registration centres) and the voter turnout (the number of casted ballots) are summarized for 24 of the 27 cities covered by the study. Although four local government elections were held, the 2013 election was the clearest one as most of the ULG councils were already formed separately from the rural inclusive *Woreda* administrations.

As can be seen on (Figure 7.1) there are some cities, although with higher percentage of voter turnout, with lower eligible voters' registration. This is possible as voter turnout is calculated from the registered electorate; whereas the rate of voters' registration is calculated based on the estimated number of potential voters residing in each constituency.

Data from the 15 SECR selected medium and large towns show that the highest and the lowest percentage of registered electorate were reported from Kombolcha and Arba Minch with 48% and 132%, respectively, the latter figure being indicative of possible underestimation of expected voters during pre-election processes. Due to significant variability of the data, a median figure of 83% was preferred as an average percentage of electorate registration. Despite significant differences (a variance of 27.79) one can conclude that voter enthusiasm, before polling day during the 2013 ULG election was very high. This was true both for the regional administrative and economic centres as well as other cities covered in the study.

FIGURE 7-1 ELECTORATE REGISTRATION VERSUS VOTER TURNOUT AT REGIONAL LEVEL



Source: SECR Field Survey, 2014

As can be seen from [Appendix 7.1](#), voter turnout on Election Day as the key indicator of voter participation was significantly high. The 15 SECR selected medium and large towns have a mean and median voter turnout of 86.8% and 94%, respectively ([Appendix 7.2](#)). Generally, smaller share of electorate registration (during the pre-election period) is associated with higher voters' turnout during the voting day. Although higher rates of electoral registration are still associated with higher registered voter turnouts, smaller rates of electoral registrations have also shown above 75% turnout. This shows voters' commitment however small they were.

Out of the 2,443,743 potential voters that were registered in the 24 cities that provided information, 80% (1,959,920) voted on the Election Day. The 80% success could be associated

with higher voter expectations as many of the ULGs were beginning to form full-fledged urban councils during and after the 2008 election.

Citizens' Participation

Citizen participation is the other building block of democratic participation. Citizens' participation takes different forms, happen continually and between local elections. Apart from the federal and regional constitutions, the city proclamations issued by the nine regional states and the federal proclamations that accorded chartered city status to Addis Ababa and Dire Dawa provide the legal basis for citizens' participation. The proclamations recognize that citizens' participation further complements and enhances the role of city councils and executive organs. Out of the five commonly known levels citizen participation (public sphere, citywide, neighbourhood (area), sectoral/program and project specific) this report covers citywide consultation and sectoral or program level citizen participation.

Citywide Consultation

The study found that the CIP process is the relatively better reported type of citywide consultations (Box 7.6). This does not mean that there were no other forms and purposes of citywide consultation approaches; cities rather did not have a well systematized system of recording and keeping them in databases.

BOX 7-6 INSTITUTIONALIZATION OF CAPITAL INVESTMENT PLANNING IN ETHIOPIAN CITIES

The Capital Investment Plan Guide for Ethiopian Cities is related and refers essentially to steps of planning which demand clear description of the planning process with evidence of the involvement and participation of citizens. The Revenue Enhancement Plan shows how much revenue the city administration can generate from its own resources in three to five years' time. A key output is the Capital Investment Budget for three-years, as well as the Revenue Collection Plan, which articulates how the city will collect revenue. The Asset Management Plan translates strategic objectives into concrete project proposals including managing existing infrastructure by determining maintenance requirements and costs, which are then consolidated in the maintenance budget. Projects are examined in line with social and environmental safeguards. The Procurement Plan is prepared on annual basis according to guidelines and manuals. An external auditor and an Anti-corruption Commission representative are involved in pre and post procurement processes.

The introduction of the CIP process in the major urban centers of the country enabled city administrations to abandon annual (single year) planning to a rolling three year planning. Experts deployed by international and local consultant companies that were hired by the MUDHCo to provide capacity building support to a selected city administration, were providing direct mentoring and technical assistance regarding the use of CIP by city administrations. CIP was seen as cities' affairs, and, the consultants were in the main working directly with the city administrations and their engagement with regional bureaus was rather limited as cities were directly communicating the WB via the Governance and Capacity Building Bureau (the former Urban Development Capacity Building Office, UDCBO) of MUDHCo on matters related to the disbursement of the loans.

Several operational manuals on CIP were prepared and series of trainings were provided by MUDHCo/ GIZ to experts working in city administrations, whereas the municipal leadership was not fully brought on board. This under the backdrop of high turnover of staff who took the CIP related trainings has its own implications on sustaining the capacity created that has a bearing on its institutionalization. CIP is not practiced outside ULGDP towns and, even in those city administrations that made use of CIP, the process focused on projects to be financed with loans to be provided by the Bank and not other aspects of municipal revenues, even though preparing municipal revenue enhancement plans was part of the CIP process. A technocratic approach seems to be dominant as the CIP process was mainly undertaken to fulfill procedural requirements of the WB and the German Bank, KfW which were providing infrastructure loans to the city administrations under ULGDP-1. With the phasing out of the ULGDP-1 project, the contracts of the consultant firms that had helped city administrations to implement the CIP had ended (and the CIP experts no more work with the Infrastructure Coordination Offices established by city administrations to coordinate the implementation of infrastructure projects financed under ULGDP-1) leaving an apparent capacity gap that ought to be rectified.

Source: Field survey (2014) and Interviews with key staff of MUDHCO and consultants.

Data was analyzed on citizens' participation during the preparation of the first and second CIP. There were 49,905 residents (in the first CIP) and 70,089 residents (in the second CIP). As it would be evident from the forgoing analysis and discussions, cities must have adopted different procedures in managing the CIP process.

There is significant variation among regional administrative and economic centres. Adama's performance has improved sharply. On the other extreme, Hawassa and Bahir Dar have the lowest participation with a small increase in the second CIP consultations. Dire Dawa's performance between the two CIP rounds has been reduced by more than half. Harar has also exhibited reduced level of participation in CIP though it was not as low as Dire Dawa (15%). Mekelle has a fairly increased residents' participation between the two rounds. Three cities Debre Markos, Axum and Shire-Endasselassie had less than 100 participants in each of the CIP rounds. Among the three cities Debre Markos and Shire had the lowest number of participants with 45 and 57 residents during the first and second rounds.

Shashemane, Wollaita-Sodo, Dilla, Adwa, Gondar, Dessie and Adigrat ranked 7th to 13th, respectively, with their first round participants of 101 to 500. Hosanna, Kombolcha and Jimma ranked 4th to 6th with 501-1000 residents' in the first round. Nekemte, Bishoftu and Arba Minch reported the highest number of residents' participation with 21,830, 10,882 and 4,734 residents, respectively. During the second CIP, Nekemte maintained the lead with more than one third increase. Arba Minch continued its third place despite performing half below the first round. With a rare chance of reporting the same 10,882 participants in both first and second round Bishoftu continued in the second place. The overall women's participation in the first and second rounds was 43% and 46%, respectively.

Project Prioritization

Meaningful participation should include vulnerable groups and civic associations. Though lack of proper recording systems in cities deters presentation of evidence of extensive experience of citizens' participation in local affairs, forums held every year and the councils' meetings reflect some participation (Box 7.7).

BOX 7-7 PROJECT PRIORITIZATION THROUGH PUBLIC CONSULTATION

One of the advantages of participatory city governance is prioritizing capital investment projects through direct citizen participation. Though small in number, there were some prioritized projects across the sampled cities. Each city prioritized the same number of projects in the three-year rolling capital investment plan. In relation to the chartered cities, a large number of projects were prioritized (with the consult of citizens) in Addis Ababa than in Dire Dawa. Similarly, within the cities defined as "regiopolises" by MUDHCo, the number of prioritized projects ranges from a low of two (in Adama) to a high of 340 (Mekelle). In all other cities, the largest number of projects was prioritized in Bishoftu and Gondar followed by Harar. The smallest was in Semera followed by Shashamane, Dessie and Axum. By and large, all prioritized projects were approved and the necessary budgets were allocated.

Based on consultations with the community at different levels of administration, and in different periods, city governments evaluate the cities' basic economic and social problems, service delivery gaps and identify priority sectors based on the needs of the community. Projects prioritized by residents and approved by council as well as regional states mainly focused on construction of roads and drainage, market places, slaughterhouses, landfills, public toilets, walkways, retaining walls, public parking and greeneries.

Source: SECR Field Survey, 2014 and (World Bank, 2014).

Citizens long-list and prioritize desired projects. Although participatory budgeting has become a widely accepted and practiced system in the urban centres of Ethiopia, some cities are

performing better than others. Addis Ababa City has played a leading role in this endeavour and can be seen as a centre of best practice in this regard (Box 7.8).

BOX 7-8 **SECTORAL/PROGRAMME PARTICIPATION IN ADDIS ABABA**

Since 2009, the Addis Ababa City Administration has achieved tangible results in the area of urban infrastructure development by enabling successful public participation. Public participation in neighborhood level infrastructure development were coordinated by *Woreda* Development Committees established as per a public participation guideline developed by the city administration. Series of public discussions had to be conducted to gain the trust and confidence of the community, as there was a need to deal with allegations of previous embezzlement of funds raised by the community.

The objective has been to pave way for the community to participate in city planning processes and identify basic infrastructure needs at neighborhood level and support their implementation. The community contributed up to 30% of the project cost, while the government was allocating budgets to cover the remaining 70%. The major types of infrastructure built include access roads (including asphalted and cobblestone roads), drainage canals, street lighting and communal toilets. Other aspects of this participatory endeavor include the following:

- Urban infrastructure project proposals accompanied by budget estimates were developed and discussed with the wider public;
- Development committee members were working on voluntary basis, without any payment, while certificates of recognition by sub-city administrations were important morale boosters;
- In addition to voluntary contributions by residents, contractors borrowed their earth moving equipment for road construction projects implemented in the *Woredas* where they live;
- Strong follow-up by the *Woreda* Administration on activities and the problems development committees encounter in mobilizing the public and implementing neighborhood level infrastructure projects; and
- The Addis Ababa Road Authority provided support in checking the quality of roads and drainage works constructed by development committees.

Source: (ECA, 2013).

7.3 CITY FINANCES

City administrations manage their revenues and expenditure based on legal and regulatory frameworks laid out by the respective regional states. Overall, there are more similarities than differences across cities and regions. The differences are mainly related to specific legislations and regulations that are pertinent to own-revenue sources.

7.3.1 SOURCES OF REVENUE

Among the primary impacts of rapid urbanization in Ethiopia is the ever-increasing demand for better services. In this connection, capacity to generate revenues on a sustainable basis is the main precondition in order to deliver need-based infrastructure and services to residents, local businesses and other city-level institutions. The aforementioned, broadly divided state and municipal functions also mean that services and revenues are linked to both functions. Similar to other cities in the country, the main revenue sources of the 27 cities are traditional municipal revenues, local government transfers including block grants from regional/Federal Government and local community contributions. During the last decade, in addition to the above mentioned sources, part of the revenue for financing infrastructure projects came from international development institutions and bond sales by regional governments in case of condominium housing projects.

TABLE 7-1 Degree of Autonomy for City-Level Determination of Tariffs and Rates

City	Degree of Autonomy Set by City Tariff Regulations
Axum, Shire Endasellasse, Adwa, Adigrat, Mekelle, Assosa, Gambela	Tariffs and rates are set by regional state – no autonomy
Bahir Dar, Gondar, Dessie, Kombolcha, Debre Markos, Jijjiga, Hawassa, Dilla, Hosanna, Arba Minch, Wollaita Sodo	Regional state council sets the tariff rates but provides a range within which the cities have some limited discretion – partial autonomy
Adama, Shashemane, Bishoftu, Nekemte, Jimma	Appear to have full autonomy to select a rate appropriate for their circumstances and/or to introduce a new tax base other than what is suggested by the regional revenue bureau. In practice, cities decide within a recommended range established by the region – partial autonomy
Harar	They select a rate appropriate for their circumstances and/or to introduce a new tax base -full autonomy
Dire Dawa	
Addis Ababa	

Source: (World Bank, 2014).

Urban land is the most important potential source of municipal own revenue. Cities are generally empowered to adopt their own urban land use plans and issue specific urban plan implementation and land management-related regulations that serve as a basis for allocating land under a lease arrangement and generate land-based revenues. Within regional states there can be different tariff prescriptions for different cities based on ULG legislations, city grading regulations and sizes of local economies. Other sources of municipal revenue are local taxes and user charges for municipal services. Although tariffs and local tax rates are set based on regional and federal legislative frameworks, there exists a varying degree of autonomy in different cities as indicated in (Table 7.1).

Differences in tariff rates, given other factors constant, might affect the competitiveness of cities; for instance, business taxes in Assosa are higher than more developed cities such as Mekelle and Bahir Dar, which is expected to affect the motivation of private enterprises to expand their business as well as have its own impact on the revenues to be generated and the overall competitiveness of the city.

TABLE 7-2 Examples of Range of Municipal Tax and Tariff Rates in Six Cities

City	Revenue Item							
	Annual Professional Service Charges	Business/ Prime /Commercial Areas Land Rent	Abattoir per Ox	Services	Goods Unloading	Loading/	Landmark/Billboard Erection	
Bahir Dar	Max Birr 18,000	Birr 0.25/m ²	Max Birr 96		Max Birr 5/q		Max Birr 405	
	Min Birr 45	Birr 0.12/m ²	Min Birr 28		Min Birr 0.5/q		Min Birr 18	
Assosa	Max Birr 35,000	Birr 1.5 / m ²	Max Birr 60		Max Birr 1.75/q		Max Birr 200/m ²	
	Min Birr 150	Birr 0.90/m ²	Min Birr 30		Min Birr 0.50/q		Min Birr 75/m ²	
Jijjiga	Max Birr 9000	Birr 1.50/m ²	Max Birr 60		Birr 2.50/q		Birr 250/m ²	
Gambela	Max Birr 11,750 + 0.2% of turnover	Birr 1.75/m ²	Max Birr 35		4% of value of goods loaded/unloaded		Birr 120/m ² for one side	
Harar	Max Birr 8000	NA	Max Birr 50		Birr 1.00/q		Birr 200/m ²	
Mekelle	Max 10,000	B=1.76	30-35		NA		300 (500 for two sides)	

Source: (World Bank, 2014). NB. q= quintal= 100 kg, USD 1= 20.51 Birr as at 2nd May, 2015.

Given that own-revenue sources are within the discretion of city administrations than grants and transfers from other levels of government, they are key instruments for improving service delivery. Providing local financial autonomy to city administrations should be pursued as it would serve as an accountability mechanism between local authorities and citizens.

Local government transfers are the other important sources of revenue. By and large, these inter-governmental transfers originate from regional and federal state taxes to be collected by city administrations. At the federal level, the amount of interstate transfers are decided by guidelines (budget allocation formula) established by the House of Federation. The regional states decide the amount of local government transfers at the *Woreda* level following similar

procedures. There is no formally adopted legislation or guidelines that would serve as a basis to define the amount of transfer from regions to cities, although there appear to be some predictability on the amount of transfers to the state functions wing of city administrations as these are often developed as part of regional state budgets. The grants that target municipal functions are generally unpredictable although, in the case of the 27 towns covered by this report, they are linked with bilateral funding such as CBDSD, ULGDP-1 and the recently launched ULGDP-2.

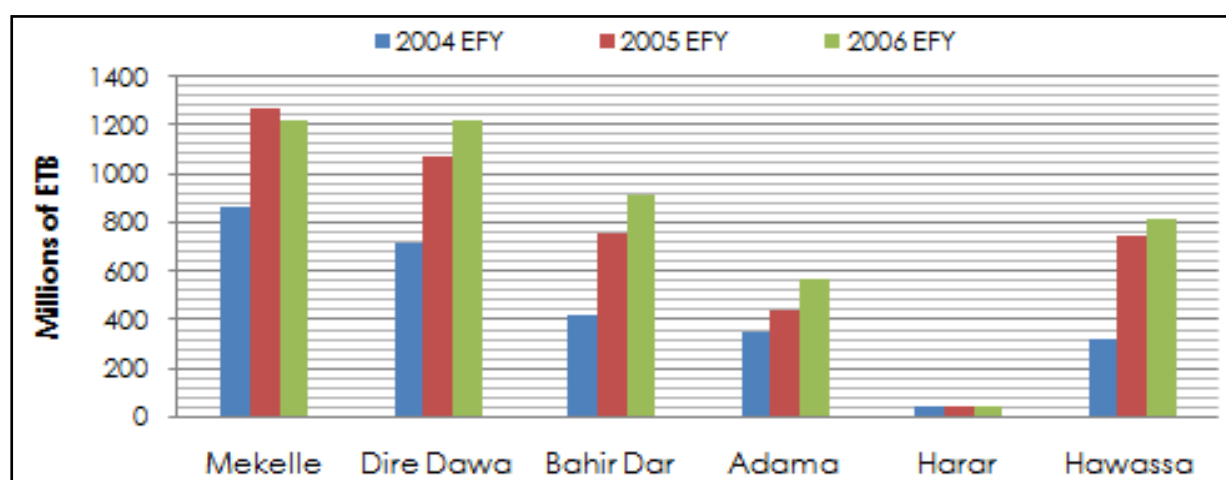
It is also worthwhile to note that as experienced by other multi-party democracies elsewhere, the results of national and local government elections could affect local revenue collection as well as transfer of funds; when different political parties control city councils and other levels of government, consensus would be required among political parties regarding the amount and modalities of funding. Under these circumstances, both revenue collection and local transfers might be affected, with potential adverse consequences on service delivery, local business activities and the wellbeing of citizens. Hence, to avoid such potential pitfalls, a system of checks and balances needs to be devised and institutionalized within the governance system.

Revenue Collection Performance

As described above, city revenues include, among others, revenues to be generated in exchange of services provided at local level, grants to be transferred from higher level of government to implement national policies and strategies or address local development needs, in kind and/or cash contribution of the community and funds to be obtained from bilateral agreements.

The three-year revenue data analysis covers 27 cities, i.e., 2004-2006 EFY (2010/2011-2013/2014). According to the data, the inflation unadjusted revenues of all 27 cities have generally increased. Addis Ababa, collected the biggest amount of revenue, by far, reaching above ETB 22.9 billion by 2006 EFY. Its revenue is more than 16 times higher than Jigjiga, which collected the second highest amount. Within the above mentioned three-year period, the City's revenue has almost doubled, accounting for two thirds of the revenues collected by the remaining 26 cities in the study. As mentioned in the urban productivity chapter, the primate city's share of urban economic activities is significantly high with considerable impact on the GDP from which the various revenues are to be collected.

FIGURE 7-2 Revenue Performance in Major Administrative and Economic Centers (2004 – 2006 EFY)



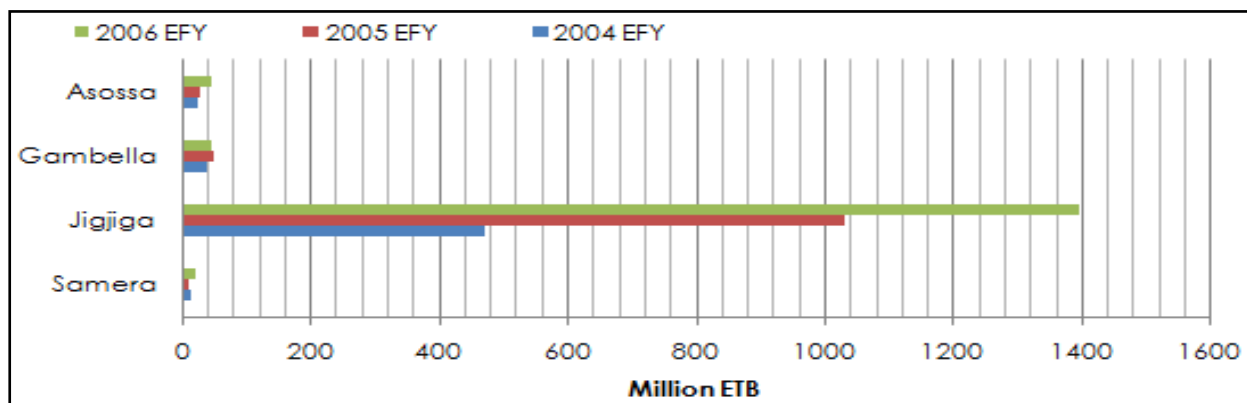
Source: SECR Field Survey, 2014

With the exception of Harar, the revenue collection capacity of the six major administrative and economic centres also increased (Figure 7.2). Mekelle and Dire Dawa each reported above ETB

1.2 billion with Bahir Dar and Hawassa continuing to climb towards the one billion mark. Adama's revenue cannot be underestimated as it is related more to its economic significance than its administrative role within the Oromia Regional State. Harar, as regional administrative centre, with relatively important economic activity, coupled with its history as one of the oldest cities in Ethiopia, has reported staggeringly low revenue of second to bottom of the 27 cities. This may be due to among others the fact that development affairs of the city are managed as part and parcel of running the Harari National Regional State structure with block grants the Federal Government allocates to the Harari National Regional State; the President of Harari Regional State is also the *de-facto* Mayor of Harar City. Notwithstanding, the "city-state" feature of the region, giving more fiscal autonomy to the city of Harar is expected to boost local revenue mobilization for the city's development.

Data from the remaining sixteen medium and large cities covered by the study shows that their revenue collection capacity has increased. Among these cities, Gondar, Dessie and Bishoftu have relatively higher revenue collection capacity. The revenues of these cities show both steady increase (e.g., in Jimma) and some decline in towns such as in Arba Minch that had registered a sharp decline in 2005 EFY (67%).

FIGURE 7-3 Total Revenue Collection Performance - Emerging Cities (2004 – 2006 EFY)



Source: SECR Field Survey, 2014

With the exception of Jigjiga that had about 150,000 inhabitants in 2013/14, the revenue collection performance of the three cities from the emerging regions continues to be low (Figure 7.3). Jigjiga's revenue in 2006 EFY was 42% of the 16 medium and large towns in the study and the second highest next to Addis Ababa. In general, total revenue in all of the 27 cities has shown increments of varying degrees though emphasis needs to be given to inflation adjusted revenue collection performance than mere nominal increments.

While the three-year data alone does not allow making any definitive conclusions, analysis of revenues from the revenue composition perspective would shed light on the current trends in city revenues.

7.3.2 REVENUE ANALYSIS

While state revenue was by far the largest source accounting for about 73.0%, on average, only around 8.0% of collected state revenue was transferred back as block grants to the cities. Moreover city administrations' own-source of revenue during the reporting three-year period on the average remained 10.0% of the total aggregate revenue with community contribution and funding from donor organizations accounting for about 3.0% and 7.0%, respectively. The composition of aggregate revenue for each of the 27 cities indicates a significant decline in the

share of municipal own revenues. The case of Addis Ababa is also worth noting as the proportion of state revenues and municipal revenues were 84% and 8%, respectively.

The status of the six major administrative and economic centres presents a mixed picture. Dire Dawa reported the largest share of transfer grant from aggregate revenue (59%). Unlike the other cities, the city's state revenue was significantly well above the block grant, by 34%. Municipal revenue has only managed to cover 7% of the aggregate revenue without considering community contributions. Dire Dawa's reported decline in both state and municipal revenues could be associated with the changes observed in the fortunes of the city's economic activities. These include: administrative decentralization under the Federal Arrangement since the 1990s that has led to the development of alternative administrative centres in the wider region, which reduced the dependence on Dire Dawa that used to play major administrative roles; exchange rate and tax-related reforms that led to diminished importance of contraband trade that had major direct and multiplier effects on the level of employment in Dire Dawa; the privatization of the Dire Dawa Textile Factory – which used to be the city's major manufacturing enterprise – that entailed major retrenchment of factory workers and, more recently, the temporary closure of the Ethio-Djibouti Railway Transport Service for major rehabilitation.

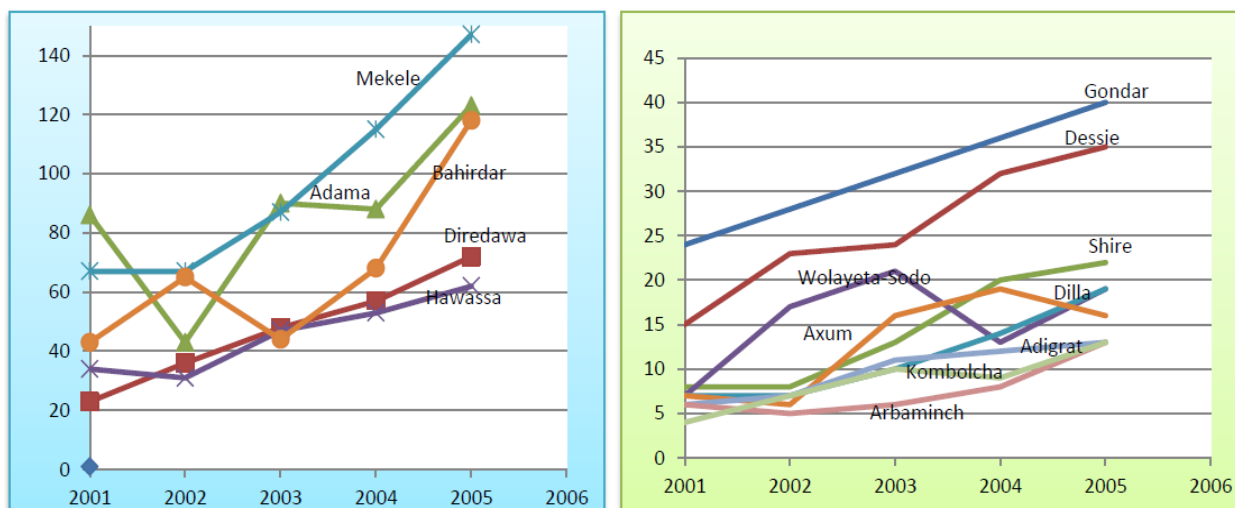
Among the regional cities, there were significant variations in the composition of aggregate revenues. From 2004 to 2005 EFY, the municipal revenues of Hawassa and Mekelle dropped by 36% and 16%, respectively. During the same period Hawassa and Mekelle also reported 94% and 23% increases in state revenue, respectively. On the other hand, Bahir Dar reported more than 42% increase in municipal revenue. Given the overall drop of municipal revenue, Bahir Dar exhibited an extraordinary increase. During the reporting period (2004-2005 EFY), Adama and Jimma experienced falls in state revenues of 6.4% and 2.7%, respectively.

The data on 15 medium and large cities under the SECR also shows that compared to state revenues, municipal revenues exhibited only marginal increase or decline. Jimma was the only city that exhibited decline in both municipal and state revenues. In general, the overall trend is decline, both in percentage and absolute terms, whereas for state revenues the opposite was true. Jigjiga, from the emerging regions group, has the highest increases in own-source of revenue, which is linked to its relatively large population size and strong and expanding commercial activity.

Municipal Own-Revenue Collection Performance

These types of revenues are collected by cities to cover spending on local affairs. Despite taking a smaller proportion of the aggregate city administration revenue, the reported data shows that there was a steady increase, at least on the inflation unadjusted (nominal income) count of all the reporting cities (Figure 7.4).

FIGURE 7-4 Municipal Revenue in Million ETB 2001-2006 EFY (Nominal)



Source: (Wold Bank, 2014).

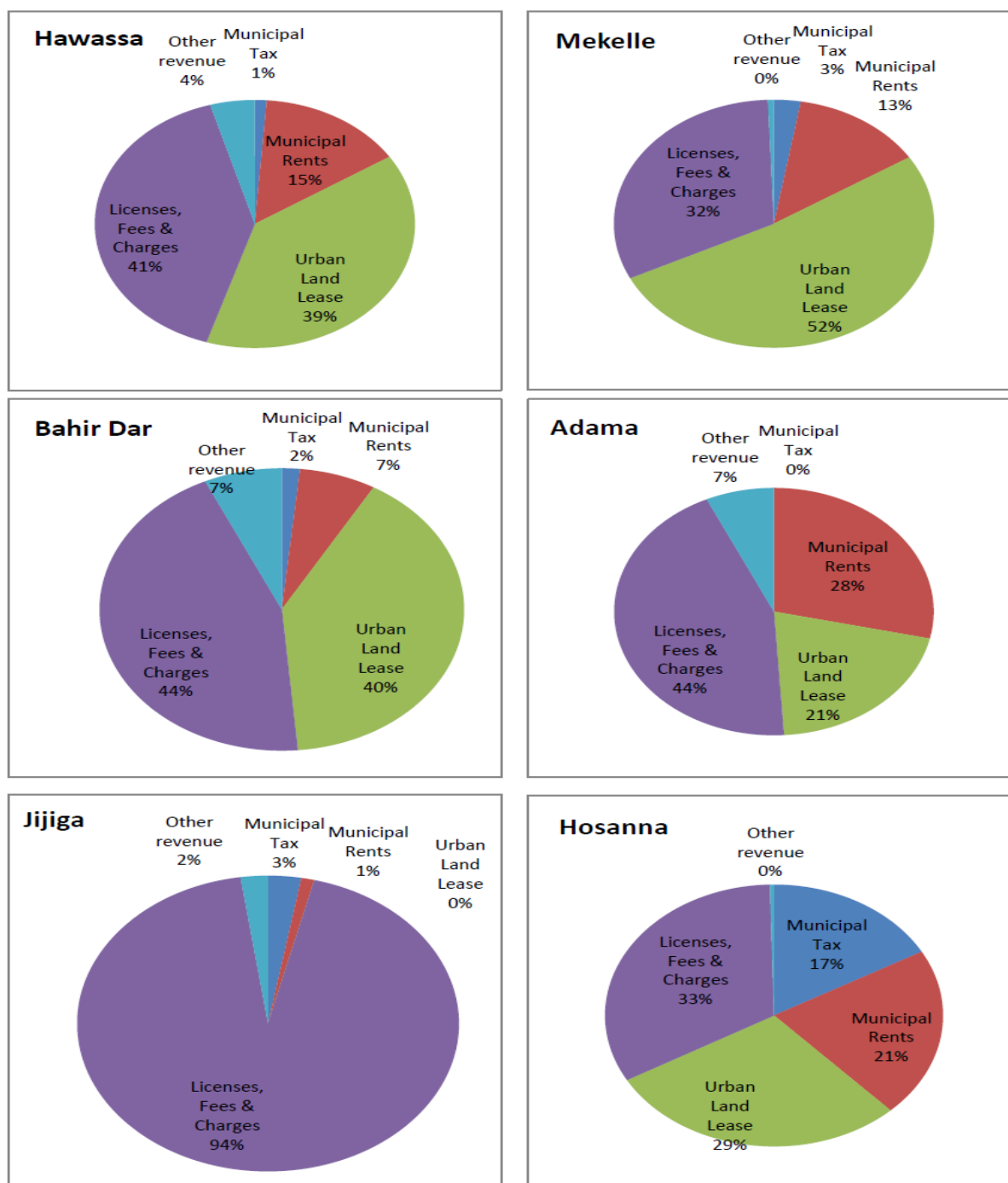
The city administrations have also acknowledged that the reported increase in municipal revenues over the five year period was associated with WB-supported ULGDP. Since the nominal revenue increases were, by and large, externally induced motivations, continuity, among other things, depends on the sustainability of the programme beyond the project life time.

If the inflation adjusted municipal revenues are taken into account, the five-year trend for all SECR covered cities, shows a decline in the real incomes of the cities. The municipal revenue performance of cities was also reviewed from the revenue composition perspective; Figure 7.5 shows the revenue composition of six cities.

Figure 7.5 shows that municipal own revenue is mainly sourced from licences, fees and charges (average 42%) followed by land lease (average 32%). Harar and Mekelle have the minimum and maximum shares of 12% and 51.7%, respectively. In the extreme case, Jigjiga's revenue was almost totally dependent on licences, fees and charges. In another extreme case, municipal tax was almost negligible for Adama, Hawassa, Bahir Dar and Mekelle, most of which are currently serving as the administrative seats of regional governments that determine the amount of grants to be allocated to these cities.

Although some cities are yet to generate income from land lease (Jigjiga and Assosa) there is a discernible pattern of over-dependence on revenue from land lease. Revenue from land lease depends on the payment structure and the presence of serviced land (investment in infrastructure). Hence it is a high risk strategy given the fact that land is not a renewable resource as well as due to issues related to land (under) pricing and inflation. Similarly, full reliance on a single source of municipal revenue shows inherent limitations on innovation and revenue diversification capabilities. Among the main shortcomings of the cities was the limited progress made on the institutionalization of LIS based municipal revenue generation including property taxes.

Figure 7-5 Comparative Municipal Own-Source Revenue Collection

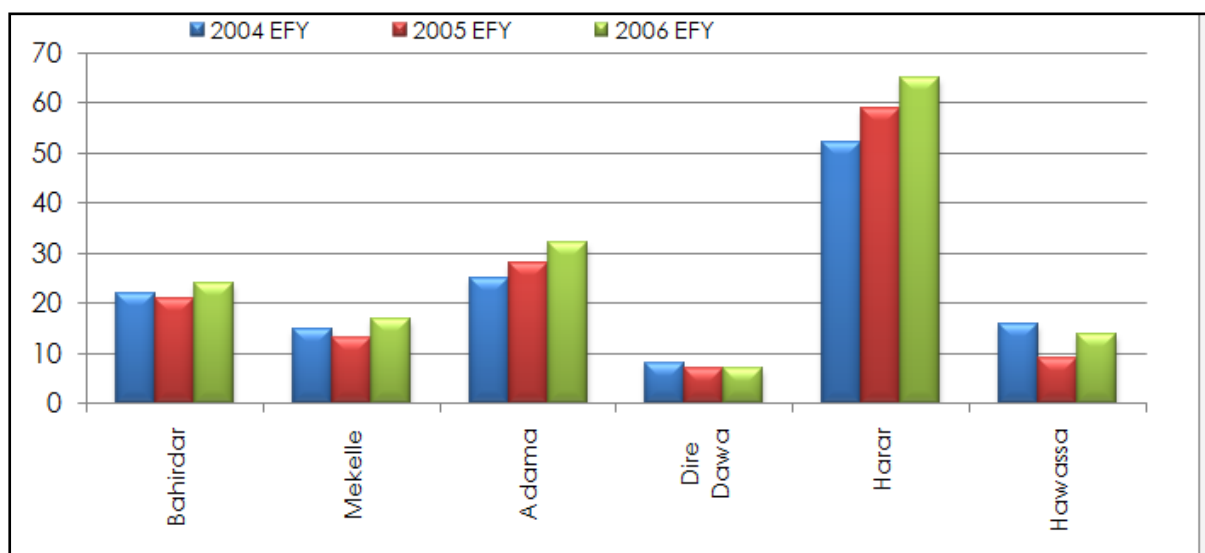


Source: SECR Field Survey, 2014

Municipal Own-Revenue vs. Total Revenue

The proportion of municipal revenue from the total or aggregate revenue was used as a measure of the cities' self-financing abilities. Addis Ababa's municipal revenue as a proportion of the aggregate revenue has shown decline in the three consecutive years of 2004, 2005 and 2006 EFY at 15%, 11% and 9%, respectively.

Figure 7-6 Share of Municipal Own-Revenue for Major Administrative and Economic Centers



Source: SECR Field Survey, 2014

Among the six major administrative and economic centres, Harar reported 52%, 59% and 62% contribution to aggregate revenue, respectively in 2004, 2005 and 2006 EFY (Figure 7.6). In sharp contrast, Mekelle, Hawassa and Dire Dawa performed at less than 20%, while the situation in Bahir Dar and Adama was relatively better at 22-32%.

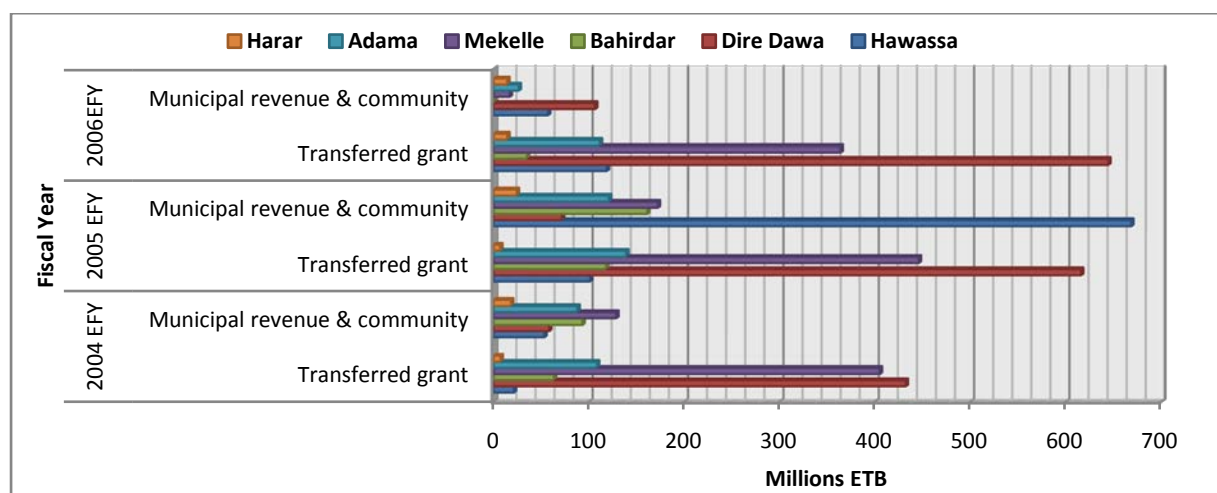
The proportion of municipal revenues in the 16 medium and large urban centres, during 2004-2006 EFY, do not exhibit significant differences from that of regional administrative centres group including the capital Addis Ababa. The minimum and maximum proportions of state revenues were found for Adigrat and Debre Markos with 10% and 35%, respectively. The afore-mentioned data, though only for three-years, indicates the significant drop in municipal revenues from different sources.

Municipal Own-Revenue vs. Transferred Grant

Comparing transferred grant with municipal revenues (including community contributions) reveals mixed results, even among the regional administration cities. Dire Dawa and Mekelle were the largest recipients of grant transfers. Dire Dawa's own revenues in 2004 and 2005 EFY accounted 13.2% and 19.7% of the Federal Government transfer, respectively. In both cities, the transfer grants were well above state revenues. In other words, Dire Dawa and Mekelle were found as the two heavily subsidized cities in Ethiopia. The transfer grants were well above 90% of state and municipal revenues combined.

Hawassa's reported municipal revenue is higher than the grants it received for 2004-2005 EFY and, in 2006, this was reversed with a grant amount almost twice the municipal own revenue. Similarly, Bahir Dar's municipal revenue was higher than transferred grant for two of the three-years (2004-2005 EFY). Although Adama's municipal revenue was lower than transferred grant, the gap was not significant for all three fiscal years.

Figure 7-7 Own-Revenue Versus Transferred Grant in Major Administrative and Economic Centers



Source: SECR Field Survey, 2014

Municipal revenues in Adigrat, Dessie, Shire and Adwa were less than 25% of the transfers, whereas Bishoftu, Gondar, Jimma, Hosanna have generated municipal revenues higher than the transfer grants. The status of Debre Markos, Dilla and Shashemane could not be assessed due to data limitations. Data on the remaining cities in the group shows that municipal revenues cover 50% or more of the amount of transferred grants. The conclusion is that, with the exception of four cities, the remaining reporting cities have the capacity to finance significant parts of their expenditure.

The situation of cities in the emerging regions, i.e. Jigjiga, Gambela, Assosa and Semera was not significantly different from the rest of the cities. Unique was Jigjiga's situation. The city has one of the highest municipal revenues in the country associated with smallest state revenue of 16.4% and 12.8% from the combined state and municipal revenue in 2004 and 2005 EFY, respectively. Gambela's transfer was much higher than the state and municipal revenues combined. Assosa's own revenue was 12% and 49% of its total revenue in 2004 and 2005 EFY, respectively.

The report finds that with the exception of a few highly subsidized cities, most of the cities have managed to have municipal revenues above 50% of transferred funds. Notwithstanding the notion of cities as sources of both municipal and state revenues, the transfers in a way have also made cities dependent on regional states or the Federal Government. The data shows that since most of the cities receive block transfers, in some cases much lower than the revenues they generate, indirect cross subsidy exists. The declining proportion and value of municipal revenues could be associated with the disincentives from block transfer of grants. State revenue collection is reckoned to enjoy much more effective execution and enforcement, and it appears that city leadership and revenue officials are less motivated to identify and implement new own-sources of revenue.

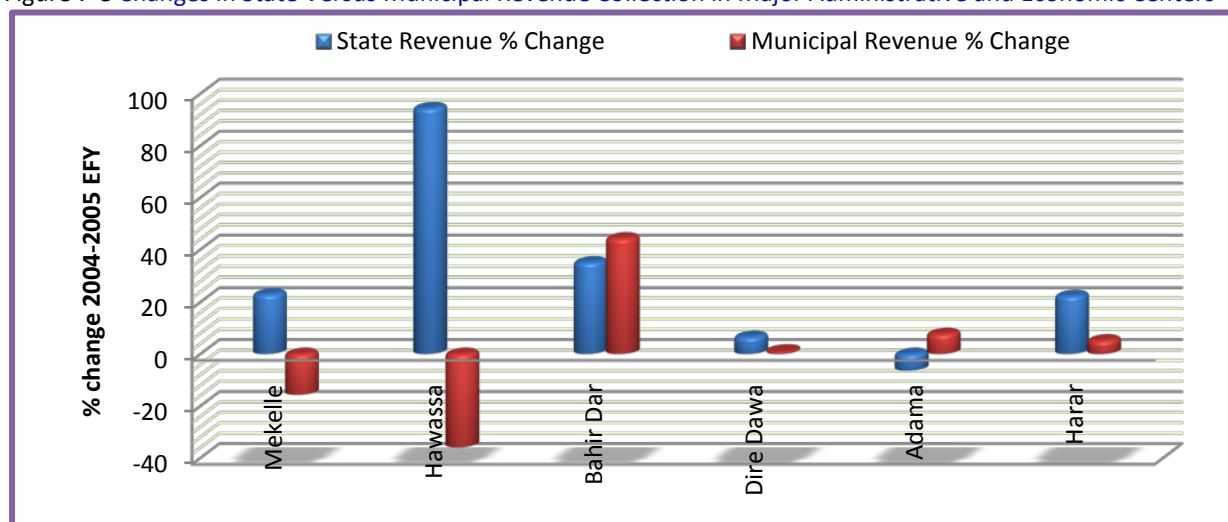
State Revenue Collection Performance

In general state revenue collection has increased both in absolute and percentage terms. On the average, performance versus revenue collection plan was 80%. Without taking into account the quality of planning and monitoring - under estimation, over estimation and so on, the result can be considered as significantly high.

Addis Ababa that has the privilege to retain all collected state revenues had a 6% drop in collection performance during 2004-2005 EFY. On the other hand, during the same period the

decline in municipal revenues was almost 40% (Figure 7.8). From the six major cities, Hawassa has almost doubled its state revenue performance. Bahir Dar, Mekelle and Harar have increases of 22-35%. Only Adama has a reduction of 6.6%. In contrast, Hawassa's municipal revenue was reduced by more than one third. Bahir Dar's reported significant increase of municipal revenue of 44% may need further exploration.

Figure 7-8 Changes in State Versus Municipal Revenue Collection in Major Administrative and Economic Centers



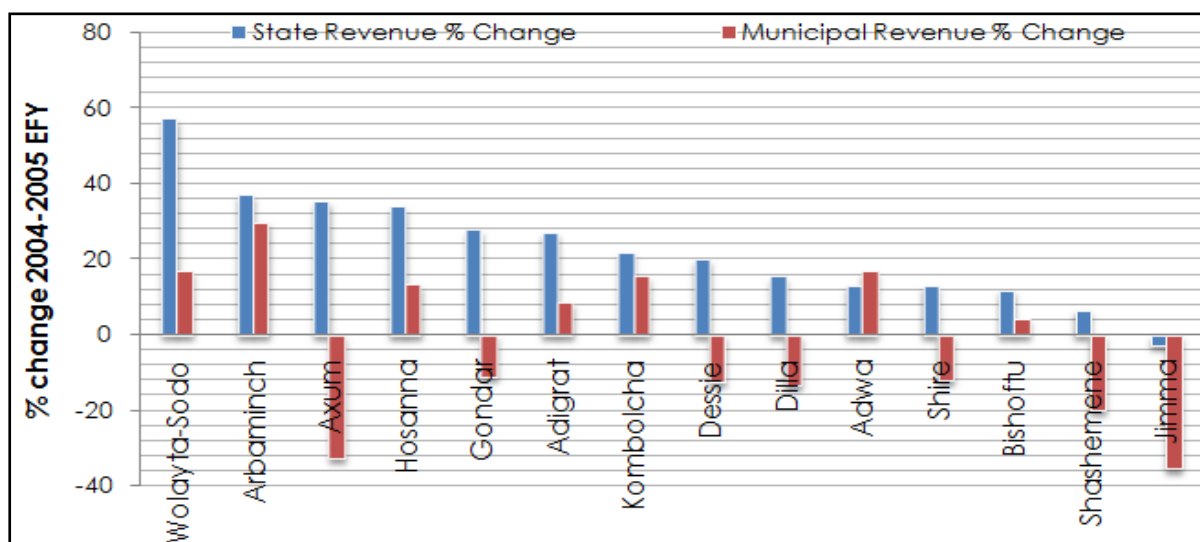
Source: SECR Field Survey, 2014

All but one medium and large city have reported state revenue increases from the smallest in Shashemane (6.6%) to the highest in Wollaita Sodo (57.2%). At the same time, seven cities in the group reported sharp decline in municipal revenues ranging from -11.2% to -35.5%. The reporting cities were Gondar, Shire, Dessie, Dilla, Shashemane, Axum and Jimma. The case of Jimma is also worth noting. Jimma with a history of vibrant economic activity has faced decline in both state and municipal revenues with 2.7% and 35.5%, respectively. This may have to do with a more decentralised coffee marketing system that negatively affected the city, which also used to be a provincial administrative capital (Figure 7.9).

Concerning cities in the emerging regions, the change during 2004-2005 EFY in the state revenue collection performance was mixed. Assosa and Gambela reported a decline of 8.6% and 30.6%, respectively. Jigjiga reported the largest increases of 38.3% and 85.3% on state and municipal revenues, respectively. Gambela has also reported a further 15.6% reduction in municipal revenue collection. The state revenue drop in Assosa was matched by the highest municipal revenue increase of 118%.

Among the implications of mixed results on the state and municipal revenue collection performance in all of the 24 cities that provided the data is the variation in the actual implementation of legal and regulatory frameworks for municipal revenues.

Figure 7-9 State vs. Municipal Revenue Collection in other Cities



Source: SECR Field Survey, 2014

State Revenue Collected vs. Transferred Grant

Transferred grant as a percentage of collected state revenue can show each city's financial position in a number of ways. It indicates the extent of outflow of revenue from a city, the city's financial dependence on higher level of government and cross subsidies. Transfers above 100% of state revenue imply net inflows.

During 2004 EFY, among the regional cities, Dire Dawa, Mekelle and Adama had obtained transfer grants amounting to 432%, 405% and 108% of the state revenue collected by the city administrations, respectively. Since Bahir Dar and Hawassa obtained 64% and 21% of their state revenues as transferred grant, respectively, the differences bring in outflows to higher level of government.

During 2005 and 2006 EFY, with the exception of Dire Dawa, the regional cities share of transferred grant from state revenue was below 100%. The difference ranges from 22% to 68% and 8% to 56% during 2005 and 2006 EFY, respectively. It indicates that during 2005 and 2006 EFY, outflows of state revenue from Mekelle, Bahir Dar, Hawassa and Adama were 32% to 78% and 44% to 92%, respectively.

The state revenue collection and transferred grants to 15 medium and large cities under the SECR showed a similar mixed profile. Within the three-year reporting period of 2004-2006 EFY, some cities surpass 100% of the revenue and in the following years a significant drop of below 100% can be observed. Such erratic pattern, among other things, is indicative of unpredictability.

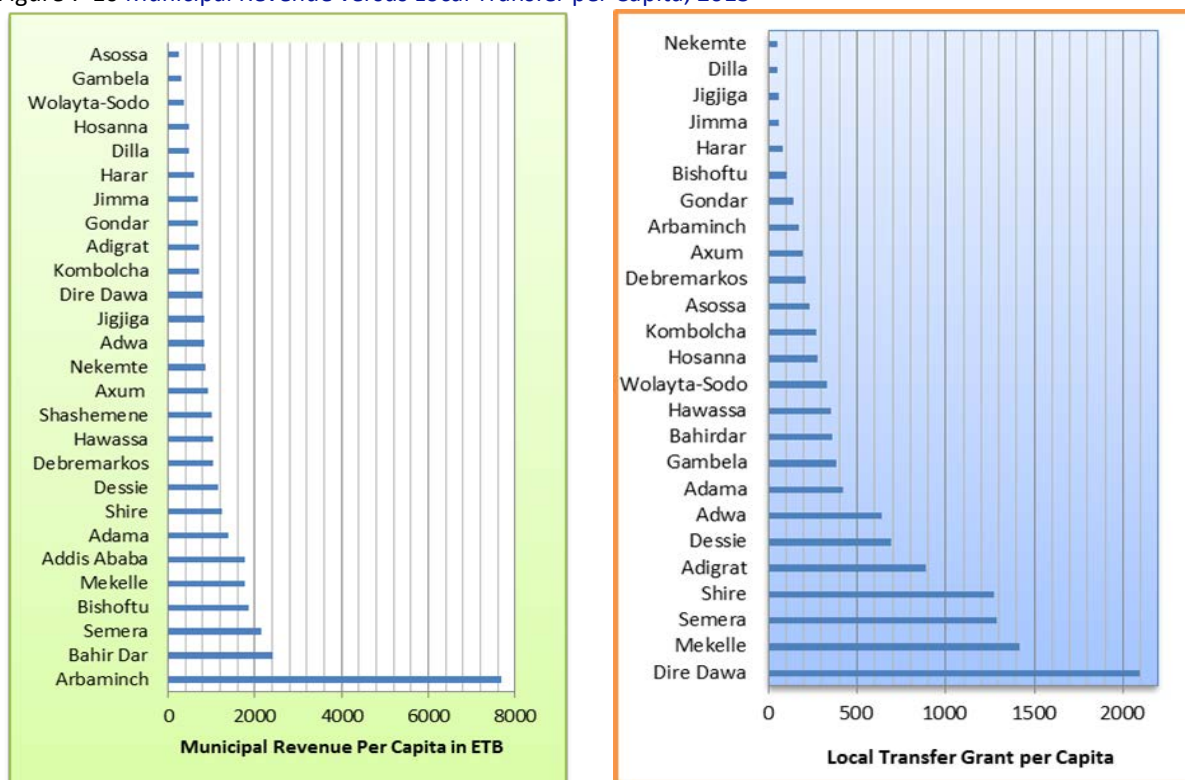
With respect to cities in emerging regions, Gambela continues to receive grant transfers with a three-year average of 190%. Conversely, Assosa has managed a three-year average of 46% of its revenue in the form of grants. In 2004 EFY, Semera, which is a newly established town to serve as the capital of Afar National Regional State, received a grant of 300% of its state revenue. However the grant dropped to 28% and 12% of state revenue in 2005 and 2006 EFY, respectively. Data on the Jigjiga's state revenue was not available to compare with transfer grants. Grants can reveal excessive fluctuations depending upon priorities to be determined at national and hence regional levels.

Revenue Per Capita

Revenue per capita is calculated using the amount of total revenue city administrations were able to raise during the reporting period of three-years (2004-2006 EFY). To avoid double counting, only municipal own revenues were added to local government transfers and grants. This was necessary as state revenue is collected on behalf of higher government levels and, depending on the decisions of higher authorities, the city may get below, almost the same or above the amount of state revenue to be actually collected. Based on the UN Habitat's Urban Indicators Guideline, three-year averages of the revenue sources were calculated and divided with each city's total population using CSA's 2013 population data.

Comparisons of per capita municipal revenues were made among the 10 most populous cities next to Addis Ababa. Six of the cities, namely Dire Dawa, Gondar, Hawassa, Jimma, Jigjiga and Shashemane were found to have low municipal revenue per capita. The majority of these cities have a history of once vibrant local economies particularly Dire Dawa, Gondar and Jimma. On the other hand, Bahir Dar, Mekelle and Dessie achieved relatively higher municipal revenue per capita. The cases of Arba Minch and Semera may not be seen as that much relevant as the former, though having more than 100,000 populations, has reported one-time significantly high municipal revenue followed by continued significant declines, and the latter, with less than 4,000 residents holds an arithmetically induced third place.

Figure 7-10 Municipal Revenue versus Local Transfer per Capita, 2013



Source: SECR Field Survey, 2014

Excluding the outliers, Semera and Arba Minch, the median and mean per capita revenues are ETB 823 and 965, respectively (Figure 7.10). More than half of the cities (15) have less than ETB1000 per capita revenue. The lowest and the highest per capita municipal revenues were reported from Assosa and Bahir Dar with ETB 247 and 2,405, respectively. Among the factors affecting per capita municipal revenues were the legal and regulatory frameworks authorizing a city administrations to generate own revenue. The level of decentralization in authorizing the setting of municipal taxes and tariffs as well as service charges varies from city to city. Other

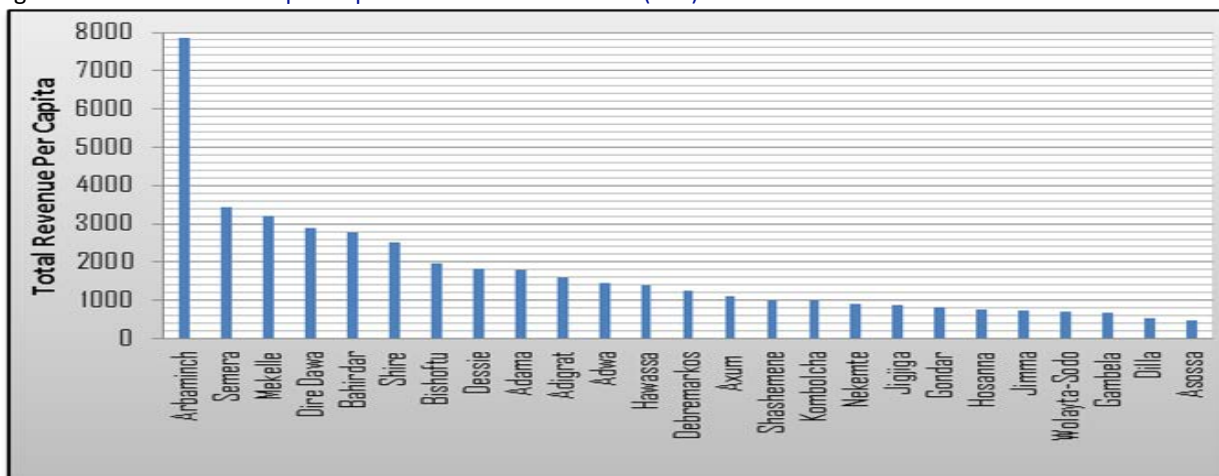
factors include actual collection efficiency, presence of innovative capacity on revenue sources, corruption and the focus on the much more effective state revenue collection.

The per capita local transfer/grant data (Table 7.10) did not include Addis Ababa and Shashemane. Concerning Addis Ababa, state revenues are retained by the city administration and information on the amount of local transfers and grants from other sources was not readily available. Similarly, data on Shashemane's local transfers and grants was not available. Information on Semera should be read with caution as the amount of grant/transfer to this regional capital was divided by very small resident population.

The per capita transfer/ grant data was calculated considering transferred state revenues and funds related to projects and programmes. Based on this information, the result shows that only four of the 10 most populous cities (excluding Addis Ababa City) were placed among the 10 higher per capita grant receivers. Accordingly, Dire Dawa, Mekelle, Dessie and Adama ranked as 1st, 2nd, 6th and 8th recipients. Out of the top 10 grant/transfer recipients, five cities were those with the smallest size populations. In general, cities with bigger populations received lower grants per capita than those with smaller size populations. The lowest and highest receivers were Nekemte and Dire Dawa amounting ETB 51 and ETB 2,096, respectively. However Nekemte collected ETB 435 state revenue per head and received only 11.7% (which may include non-state revenue sources). Dire Dawa, on the other hand, received transfer/grant 55% above what the city was able to collect as state tax. Moreover, if Dire Dawa was allowed to retain state revenues like Addis Ababa, both municipal and state revenues could finance expenditure without significant transfers and grants.

Total revenue combines municipal revenue and transfer/grants. The result was significantly different from the aforementioned. The data shows that only five cities, namely Mekelle, Dire Dawa, Bahir Dar, Dessie and Adama were found among the first 10 most populous cities with relatively higher total revenue per capita (Figure 7.11).

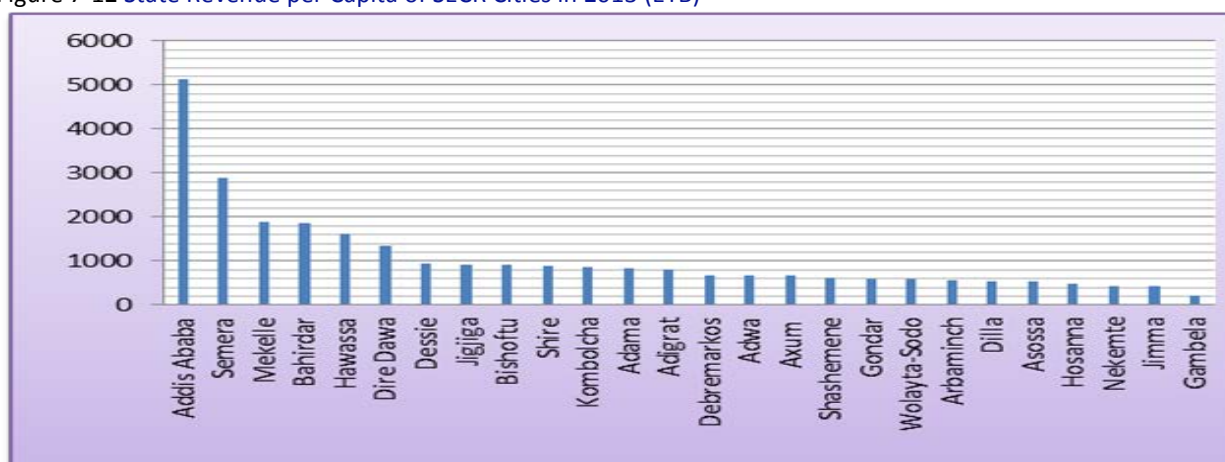
Figure 7-11 Total Revenue per Capita of SECR Cities in 2013 (ETB)



Source: SECR Field Survey, 2014

Large population sizes and higher state revenues per capita indicate the relative strength of the urban economy. The highest state revenue per capita in Addis Ababa is therefore natural (Figure 7.12). Except Semera, where small population size overstated per capita state revenue, the argument holds true for Mekelle, Bahir Dar and Dire Dawa. Of the SECR cities, six of the 10 most populous cities were among the top 10 state revenue per capita generators.

Figure 7-12 State Revenue per Capita of SECR Cities in 2013 (ETB)

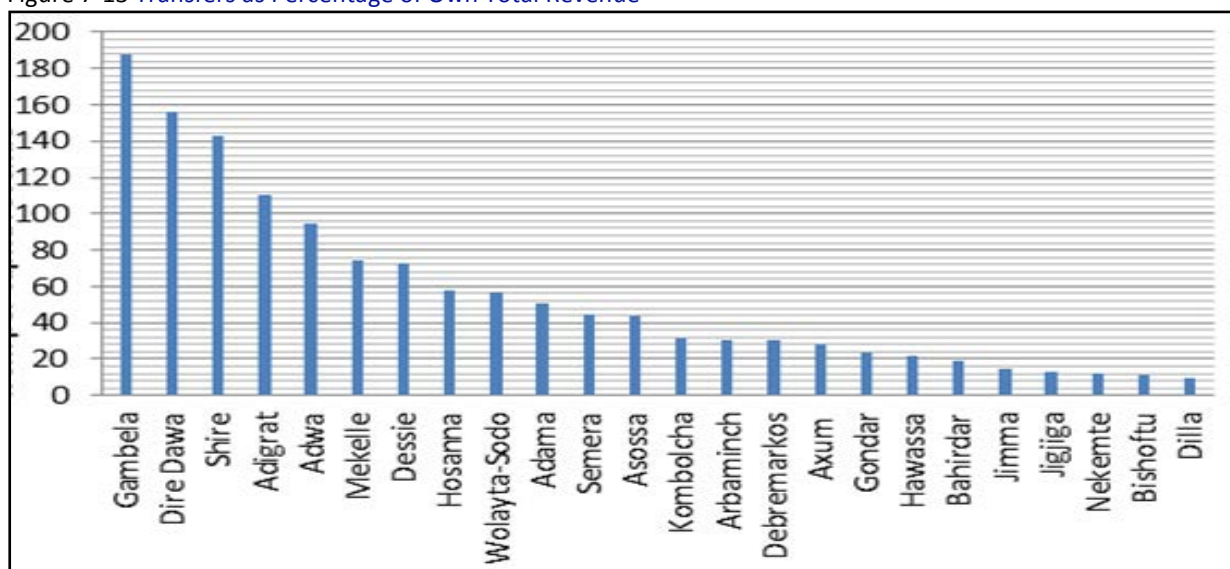


Source: SECR Field Survey, 2014

State revenue collection has improved over the past years associated with policy and institutional reforms undertaken in revenue collection agencies. Additional factors for this encouraging achievement include the introduction of stringent legal actions against defaulters and capacity building programmes conducted at national, regional and city level, although additional effort would be needed to sustain them. The concerted public awareness education programs undertaken by the Ethiopian Revenue Authority through, among others, the national media (TV, Radio and news papers) have had their own contributions.

On top of that, grants transferred to cities from the WB-funded ULG development programme and other sources have significantly contributed to total revenue increment.

Figure 7-13 Transfers as Percentage of Own Total Revenue



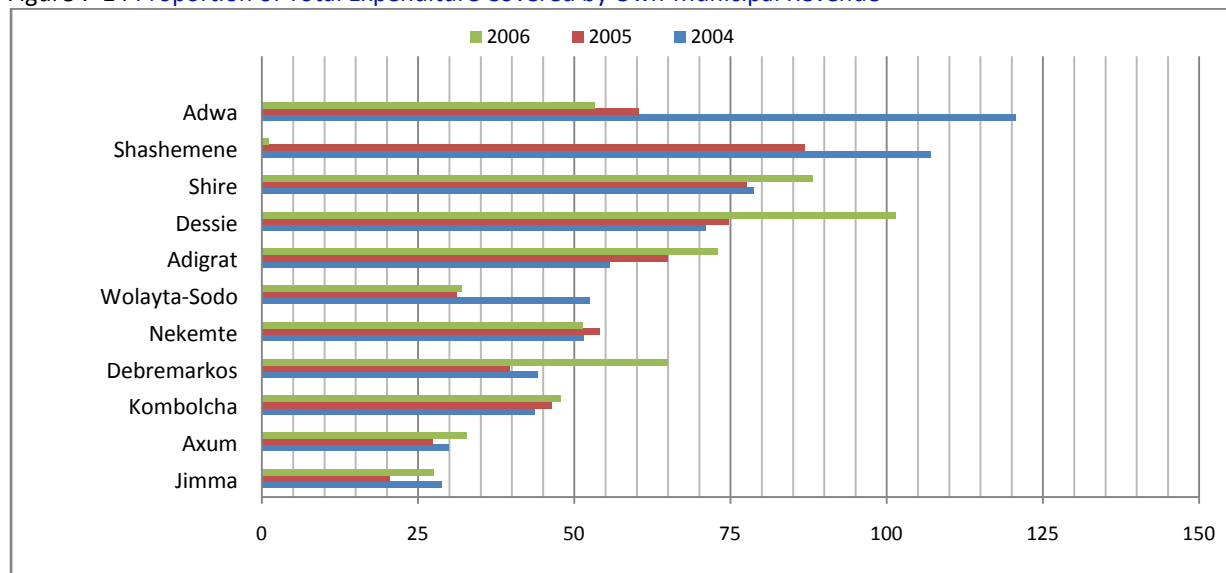
Source: SECR Field Survey, 2014

A comparison between state revenue per capita and transfer/grant per capita shows that 15 of the SECR cities obtained transfers and grants that are below half of their per capita state revenue (Figure 7.13). Gambela with the lowest state revenue per capita has the highest transfer/grant per capita. Dire Dawa, Shire and Adigrat also received higher per capita transfer/grant than their state revenue per capita.

7.3.3 CITY EXPENDITURE ANALYSIS

Municipal own-revenue contribution to total expenditure measures a city's ability to finance expenditure using own-revenue. With the exception of Harar and Shashemane, the remaining cities were unable to cover their recurrent and capital expenditures from the municipal revenues during 2005-2006 EFY.

Figure 7-14 Proportion of Total Expenditure Covered by Own-Municipal Revenue



Source: SECR Field Survey, 2014

The inability of cities to cover their expenditure using own revenues is vividly demonstrated by the increasing decline of the share of municipal revenues from the aggregate revenues. Thus, the main challenge is increasing the share of municipal revenues in financing expenditure. During 2004-2006 EFY, fourteen cities were not able to cover at least 50% of their expenditure from municipal revenues. Addis Ababa, Axum, Debre Markos, Dilla, Hosanna, Kombolcha, Nekemte and Wollaita Sodo were unable to cover their expenditure for three consecutive years.

Addis Ababa was almost second to the bottom with staggering coverage of 20.5%, 13.67% and 11.5% in 2004, 2005 and 2006 EFY, respectively. For cities like Arba Minch, Hosanna and Adwa a one-time surplus was followed by two years of continuous shortfalls. Bishoftu's success in 2005 EFY was followed by an almost 50% shortfall in the following year. The data also shows that 86% and 88% of Addis Ababa's expenditure in 2005 and 2006 EFY had been covered from state revenues. In general, the extent to which municipal own revenues covered municipal expenditures by and large was erratic and generally declining.

Comparisons made between planned and actual expenditure by city administrations shows that most cities had achieved more than 50% of their target including Hawassa, Wollaita Sodo and Bahir Dar that surpassed the 100% mark (in EFY2006). Cities like Debre Markos, Hosanna and Kombolcha were not able to achieve 50% of their planned targets in different fiscal years.

Expenditure per capita refers to the measurement of a given city's aggregate annual spending per head considering its total population size, which is expected to show variations among cities during a particular year and within a given urban centre at different years. Three-year' average expenditure per capita of Addis Ababa is ETB 4,172 and ETB 3,620 for Semera. On the other hand, Harar has the lowest per capita expenditure with ETB 217 followed by Shashemane with ETB 329. The variations in expenditure per capita are highly related with the

magnitude of own revenues actually collected and the implementation capacity of city administration as well as the amount of transfer from higher levels of government.

7.4 CONCLUSIONS AND KEY MESSAGES

The chapter discussed the interrelated issues of urban governance and municipal finances. The report concludes that, despite significant progresses made during the last two decades, efforts should be stepped up towards balancing decentralization and centralization of urban local administration, which also refers to fiscal matters, through concerted and holistic capacity building interventions. The following key messages emerge:

Developing appropriate organizational structures will strengthen the human resource capacity of cities which is an important condition for improving urban service delivery:

One of the challenges faced during the conduct of the study was to obtain comprehensive and up to date information on human resources of city administrations disaggregated by age, sex, educational qualification, type and level of professional skills, occupational categories, length of service and/or experience, etc. The availability of such information will serve as valuable input in contextualizing organizational structures and staffing plans that would help achieve service delivery standards that would be deemed relevant. Improvements in the organizational structure and staffing of city administration offices need to be linked with strategies for attracting and retaining well qualified personnel as well as improving the competencies of existing human resources that can be linked to the application of performance management tools. Moreover, engaging in any kind of municipal human resource development endeavour would require improving the existing information system, whilst city administrations can readily afford to use computer-based human resource information systems. MUDHCo can take the initiative to develop standard reporting formats that can feed into an integrated database.

The sustainability of municipal service delivery improvement programs would depend on the availability of service standards and their appropriate tailoring to local conditions:

The delivery of quality services is contingent upon the availability of service standards. MUDHCo's strategy documents mentioned in this report (MUDHCo, 2012 and MUDHCo, 2014b) demonstrate the political commitment towards such transformation, although its realization would also depend on unreserved support and actions from regional states and city administrations. On the other hand, although to be seen in conjunction with broader reforms aimed at improving the delivery of services by civil service institutions, the service standards to be adopted need to be linked with the service delivery mandates of city administrations that are expected to vary by their size, function or geographical location. It is also necessary to contextualize generic service standards and good practices to local needs. The establishment of service standards along with effective/efficient work processes can also be linked to occupational standards that can also serve as inputs to the actors in the labour market (including TVETs and universities).

The importance of participation in ensuring sustainable urban development is understood by politicians and the general public, but there is a scope to make it more effective:

Residents and other actors attend meetings to be arranged by city administrations, city level sectoral offices or lower level administrative offices. In addition, NGOs and CBOs also espouse the ideals of public participation. What is at stake is the need to improve the quality of participation, which is contingent upon the invitation of individuals and institutions that are relevant for issues to be tabled for discussion. This also means that the optimum size and mix of participants is expected to differ depending on the nature of meetings that may be arranged at the city or lower administrative levels or by sectoral departments. It will also be imperative

to select appropriate forms of participation as this would help ensure the proper timing and facilitation of such participatory events. There is also a need to rectify weaknesses that are observed in the formal documentation and sharing of the input, processes and outcomes of public participation. The recording and sharing of such information among the participants, and beyond, would facilitate transparency and accountability as it allows stakeholders to follow-up on the consensus reached and actions taken. Apart from its utility in facilitating institutional learning, this transparency will also contribute towards raising public confidence and serving as a foundation for subsequent participatory processes.

Ensuring greater transparency and accountability in municipal operations and service delivery will contribute to tackle corruption: Apart from taking appropriate measures towards improving and sustaining the CIP processes, which focus on ensuring transparency and accountability in the prioritization and planning as well as financing the implementation of municipal infrastructure projects, it will be imperative to institute similar tools that will be applicable to other aspects of municipal service delivery. The attempts being made by city administrations to make public disclosure of city budgets, annual performance reports and audit reports are good initiatives to be encouraged but similar measures, which aim to ensure transparency and accountability in service delivery, should be taken on municipal services such as utility services, building permits, land management, tax collection, public transport, etc. This is expected to contribute towards reporting and tackling corrupt practices that are the hallmarks of the current situation that leaves a lot to be desired.

Optimizing current approaches to training and capacity building adopted by MUDHCo and regional governments will go a long way towards improved service delivery: Over the years, significant city-level capacity building interventions were made in the form of seminars, workshops and short-term trainings under the various urban-orientated programmes and projects implemented with the country's development partners. The results are mixed, while they are also eroded by the high turnover of officials and personnel. The experience in institutionalizing capital investment planning tools addressed in this report is a typical example for the gap in the sustainability of such interventions. Without the capacity to deliver services at the local level, executing devolved authority and expanded functions will be constrained. It is therefore imperative to take inventory of existing capacity-building resources as well as identify the challenges for their institutionalization. The regional bureaus for urban development, among others, can also make a difference as providers of capacity building support to city administrations within their jurisdictions. MUDHCo is strategically placed to provide countrywide support including facilitating learning and knowledge sharing. In view of the presence of universities in most of the major urban centres, the Ministry and regional governments should promote city-university linkages, whereby universities can become their partners in capacity building initiatives.

Institutionalizing the various urban development and governance related policy and strategy frameworks will contribute to further consolidation of municipal operations: In addition to the various knowledge resources that are available from previous programmes and projects, MUDHCo has developed and published a number of policy and strategy related documents with multi-sectoral dimensions. The Ministry and regional bureaus have organized and hosted series of training programmes on these policy and strategy documents, which were attended by virtually all of the officials and staff of city administrations, with a view to generate sufficient understanding about the policies and strategies that should translate into better services. The effectiveness of such orientation programmes could be enhanced if they are linked with urban service delivery programs and properly institutionalized within the context of collaborative initiatives with local and central level educational and training institutions. It is important to recognize that, whatever policy and strategy frameworks and capacity building

packages are developed at the federal level, their effective implementation is always in the hands of regional states and city administrations. In this regard, MUDHCo in consultation with regional states and city administrations should develop a training strategy to be supported by appropriate monitoring and evaluation systems.

Cities should develop effective systems for data capture and sharing that would facilitate knowledge management and horizontal learning for better performance: Obtaining city level secondary data on the various elements good governance was a major challenge faced by the authors during the preparation of this report. Cities need to recognize and take urgent action to document their experiences and build databases on all aspects of city services, both for state and municipal functions, which can allow for the measurement of urban good governance. Without a sound database, realizing the lofty agendas of making cities economically competitive, environmentally sustainable, and socially inclusive and climate resilient will be difficult to achieve. Given that developing and institutionalizing systems to monitor and evaluate the impact of urban policies and strategies have become increasingly affordable with the availability of ICT, city administrations must seize this opportunity to facilitate the monitoring and evaluation of their service delivery systems. Cities should also be more active in learning from the experiences and good practices of other cities. In addition to city–university linkages to be promoted at the city level, MUDHCo and ECSU are eminently suited to design, build and promote a common reporting framework to be used in monitoring and evaluation of progress in the urban development sector.

Making local government elections responsive to local urban development agendas will strengthen devolution: At least two key points emerge from the discussions on local government elections, which worldwide are often considered as learning grounds for national elections. First, there is need to improve local government election processes so that competent and motivated persons can be enlisted to become councillors. Second, local election campaigns should focus on articulating local development agendas, which would help muster the support of citizens towards local resource mobilization and attracting external resources. Attracting external resources, among others, involves creating strong linkages between local development agendas and those at regional and national levels as well as the extent to which local agendas reflect the focus on making cities competitive to attract foreign investment.

Cities must revitalize their revenues through diversification of revenue sources and strengthening their revenue collection capacities: Developments within the state revenue collection system and partial centralization of the power to determine municipal tariffs and service fee structures at the regional level, coupled with the long entrenched municipal revenue administration related challenges, have contributed to the significant drop observed in the share of municipal revenues from total city administration revenues. As sharing state revenues is at the discretion of higher level of government, the dwindling share of municipal revenues is reckoned to have long-term consequences on the amount, quality and sustainability of services to be provided by city administrations. Thus, it is suggested that, in addition to creating a predictable revenue sharing framework, current regulatory frameworks should be reviewed to give way for those that would contribute towards expanding the local revenue bases of city administrations. Such improvements in the regulatory framework for municipal revenues should be matched, however, by capacity building interventions in the areas of revenue and expenditure administration.

Cities should give adequate heed to the identification of new sources of revenue by developing revenue enhancement strategies and plans: Cities should be innovative in identifying buoyant sources of revenue that consider their unique economic basis that will be linked to their specific endowments (e.g. cities like Axum, Bahir Dar and Harar may consider

taxes to be levied on tourism orientated activities such as hotels). Instituting special levy on large scale manufacturing enterprises (such as beer and soft drinks factories in Addis Ababa, Hawassa, Dire Dawa, Dessie, Harar, Kombolcha and Gondar) in consideration of certain city infrastructure and services they use such as roads and water; introducing rental income tax on revenues to be obtained from house rent; charging service fees for using facilities such as disposal sites by industrial plants and other big businesses that generate lot of waste; collecting property taxes, which is contingent upon the availability of effective cadastral systems; and recouping land-value increases that result from infrastructure improvements. Cities can also learn from other cities about successful efforts of diversifying tax bases. Cities could also adopt participatory approaches to identify new tax bases by collecting ideas from stakeholders and citizens that can also improve the legitimacy of the taxes to be introduced.

Instituting a predictable system for revenue sharing and allocation of grants will facilitate better planning of municipal operations: the practice of discretionary or *ad hoc* transfer of resources to city administrations needs to be replaced by an enjoined legislative framework and predictable revenue sharing arrangements. MUDHCo should revisit existing experiences so that cities can make best use of the finance to be obtained from development partners. The Ministry can also support the regional states to exercise their mandates to initiate the necessary legal reforms towards equity based and enjoined legislations to ensure fair and predictable revenue sharing arrangements. Such support may include facilitating dialogue with relevant regional actors, organizing knowledge and experience sharing activities as well as drafting generic legislative frameworks and regulatory guidelines. Some of the capacity building measures that could be taken by the ministry and regional bureaus include; initiating a computerized indicator-based database to monitor and evaluate revenue sharing related data; and building the capacity of city administrations for efficient delivery of decentralized services. These measures should be instituted starting from the councils to the lowest level of local administrative units.

THE WAY FORWARD

This report has identified a number of issues that can serve as a point of departure for further discussions in connection with the urban agenda, which is getting impetus with the heightened understanding and political commitment about the role of cities in sustainable urban development. It has pinpointed a number of gaps that will have to be addressed if cities are to play their normative roles as engines of economic growth and transformation, and the vision stated in the Ethiopian Cities Prosperity Initiative (ECPI), namely 'to create economically productive, socially inclusive, and environmentally sustainable cities by 2025.' The following offers the way forward considering the nature of a state of cities process by synthesizing some of the salient features raised as key findings and messages in the various chapters.

Institutionalizing the collection, collation, storage and sharing of urban data

The current state of data and information management in Ethiopian cities, if not ameliorated, will continue to undermine all aspects of developmental efforts as it does not allow a robust, evidence-based policy making and strategy formulation at all levels, which also needs to be supported by appropriate monitoring and evaluation system. One way to tackle this is systematizing the way urban data generated by governmental and other institutions (institutional data) can be systematically captured, summarized, stored and shared. The type of data to be managed needs to be assessed in terms of its relevance, reliability, completeness, timeliness and comparability. This would require developing standardized formats for data collection and associated manuals to be pilot-tested and institutionalized at national, regional or city levels as might be appropriate. MUDHCo should take the lead in creating the framework that would be necessary to realize this proposal, while cities can also explore city-university linkages as avenues towards developing systematic data management systems. The second approach is commissioning surveys on specific areas to be undertaken by CSA, universities or think-tanks, as census data is something to be generated every ten years. MUDHCo can take the lead in commissioning such surveys, which should be demand-based to ensure the usability of the results as well as the willingness of cities to share the cost of conducting such surveys.

Using the SECR as an opportunity to reflect on city-wide issues

The SECR provides an opportunity for cities to further reflect on their situation and develop insights on the key issue of development they should tackle in due course in view of the findings and key messages highlighted in this report. They can also use it to establish consensus among relevant stakeholders on approaches to be adopted in tackling specific city-wide issues to be identified as wanting concerted intervention. This would help them take measures toward consolidating their monitoring and evaluation systems as well as review their short, medium and long term plans as they can use it as a basis in benchmarking and target setting. They can also identify gaps in their data management system, which they can rectify on their own or with the support of the government.

Developing appropriate strategies to harness the potentials of demographic transition

As Ethiopia has entered a demographic transition as a result of its achievements in reducing both fertility and infant mortality rates, cities should be prepared to make use of the window of opportunity created by this transition. The starting point would be creating sufficient awareness among key urban actors about the short-, medium- and long-term implications of the transition. Cities should also adopt strategies that include streamlining educational and training programs, improving the quality of public health services and providing sports and recreational facilities in a manner they will contribute to human capital formation (i.e., the creation of competitive

labour force). Cities should also enhance their capacity to generate productive employment for the young population by making land, infrastructure and finance available both for existing and prospective enterprises as well as promoting entrepreneurship.

Institutionalizing city product measurement system at the national level

If cities are to serve as engines of national economic growth, which would invariably require empowering cities to make city-level economic decisions, their performances will have to be gauged using relevant indicators. One way to do this is to establish a system that would help quantify the contribution of individual cities to the national economy. As this is not something to be totally left to cities, MoFED, CSA and MUDHCo should join hands to prepare a national guideline for city product accounting, which can benefit from the experiences of other countries that have already instituted such systems. This may start in few cities to be appropriately evaluated and eventually replicated in other cities.

Empowering cities to be on the driver's seat on urban development matters

Given the current level of institutional development and the federal arrangement in place, creating an enabling environment for the sustainable development of cities is a three way process that requires clearly articulated yet synergetic roles among city, regional and federal levels. Cities should take the driver's seat regarding service delivery mandates that are within their competence. Regional states should focus on creating enabling conditions for the autonomous operation of cities, which include instituting relevant legal and regulatory environment, developing framework for systematic data management as well as provision of capacity building support. The Federal Government should focus on building the capacity of regions and the two chartered cities to ultimately enable the creation of more empowered cities. Federal level stakeholder institutions are expected to set national standards for comparability purposes, institutionalize monitoring and evaluation systems with well-defined indicators and undertake knowledge management related tasks including formulation of good practices, preparation of working manuals and developing training packages.

Promoting fiscal autonomy of cities to enable them deliver competitive infrastructure

Given the political commitments towards self-rule that are stipulated in federal and regional constitutions, cities should effectively exercise their fiscal powers granted to them as part of regional city proclamations and/or be further empowered to identify revenue basis that are attached to their basic economic sectors so that they can use the revenues they collected to address the infrastructure and services needs of local enterprises and potential investors. There is also a need to ensure the predictability of financial transfers (e.g., through a grant formula), which has to be linked to those mandates cities perform on behalf of higher levels of government. This is consistent with the need to give cities more economic decision making powers if they are to serve as engines of national economic development that is contingent upon their capacity to compete both regionally, nationally and internationally. In this connection cities may consider promoting various forms of partnerships with the private sector and/or other actors as alternative financing strategies. Cities may also start collecting data on direct and indirect expenditures involved in the provision of infrastructure as this will help them adopt measures towards institutionalizing cost recovery mechanisms in infrastructure and service delivery. The Federal Government in consultation with regional governments should develop technical guidelines as regards the design, implementation and monitoring of partnerships. Cities should be exposed to different modalities of partnership that might work in specific context but not in others through experience sharing visits and short term trainings.

Building partnerships between cities and higher education institutions and TVETs

It is a high time to establish and foster partnerships between city administrations and universities given the presence of universities and TVETs in all of the cities covered by this report as well as their multi-dimensional influences on cities in terms of knowledge management and innovation. However, both need to explore opportunities and challenges for such partnerships as this would help them identify and nurture mutually beneficial and sustainable partnerships. Such partnership should be properly institutionalized with explicit commitments on both sides to be translated into regular activities, and not to be seen as ad-hoc undertakings, while both sides should commit sufficient resources to sustain the partnership. This could centre around, for example, on policy orientated research and/or community outreach programs on a variety of urban-management related challenges such as urban service delivery improvement; transport management; environmental health; inner-city redevelopment; landscaping and green infrastructure development; urban finance, etc., which can also help the universities to develop centres of excellence in specific fields.

Adopting spatial development approaches in city planning processes

Ethiopia's aspiration towards a middle income country status by 2025 can only be realized through structural transformation of its economy whereby urban-based industrial and service sector-related activities would become the key drivers of national growth and development. In this connection, cities should adopt outward looking approaches that would enable them to reposition themselves to be competitive at the regional and national levels. As this would depend on harnessing the potential advantages of agglomeration economies and expanding the market outlets for local enterprises, it would be imperative to go beyond a city-by-city approach to urban planning and embrace a spatially orientated development approach. This would help define the specific economic roles individual cities play in the national and regional urban systems. It will also help foster rural-urban linkages, which have special place in Ethiopia that aspires to transform itself from predominantly agricultural to industrial economy.

Adopting a pragmatic approach in making use of official population estimates

Urban population growth is the net result of a number of factors that include natural growth of the urban population; net migration; and reclassification of the administrative boundaries of urban centres. It will be imperative to reckon these elements, especially economic factors that fuel migration towards a particular city and/or those that necessitate reclassification of administrative boundaries, as they have to be factored in the projection of population. In view of the limitations some cities might face in directly using the official population projections made by the CSA, they may find it prudent to consider the effects of ongoing or envisaged turn-key projects especially in infrastructure development and/or expansion programs such as water, housing, schools or health facilities that will have longer time horizon.

Developing city development strategies following inclusive and participatory approaches

Cities have some experience in medium term planning associated with their endeavours of institutionalizing strategic planning and management (SPM) and more recently in cascading the GTP. Cities should initiate their own city development strategies (CDS) that would also integrate the activities of private and non-state actors. The aim of a CDS should be to balance the economic growth objectives of a given city with the achievement of social equity and reducing its ecological footprints. In the process cities can build a shared vision based on their resource endowments and assets and core competencies, which has to be harmonized with regional and national priorities. Building monitoring and evaluation capacity should be part of

a CDS. A framework would be necessary to guide the CDS process, as it would be imperative, among others, to set out the roles and responsibilities of the different actors. This can capitalize on the rich experience of the Cities Alliance in promoting CDS across the globe.

Ensuring proper targeting of support to be provided to vulnerable groups of the society

It would be imperative to institute systems that would guarantee the proper targeting of subsidies, which would also contribute towards achieving good governance. Cities or the level of government providing subsidies should clearly define the intended beneficiaries of a particular development intervention as well as develop objective set of criteria to be used in beneficiary selection. What should be targeted are persons or households and not the service *per se*. Cities should take advantage of employing ICT systems to uniquely identify as well as to collect basic socio-economic information on potential beneficiaries that can be used as a basis to make decisions on the amount and timing of support to be provided to beneficiaries.

Harnessing the benefits of institutionalizing a full-fledged cadastral system

Despite previous and ongoing initiatives being spearheaded by MUDHCo, cities are yet to harness the full potential of cadastral systems in different areas of application that include tax assessment and collection, land management systems that encompass the acquisition, development and distribution of land, coordination of infrastructure provision as well as re-planning of cities. As part of their efforts to diversify their revenue basis, cities should employ cadastral systems to facilitate the assessment and collection of land and fixed properties. Cities can employ GIS-based cadastral systems to take inventory of municipal assets, which would serve as a basis for making effective decisions regarding investments on new infrastructure and planning for infrastructure maintenance that has to start with the knowledge of the state of existing infrastructure. Cities should also make immediate land-use inventory focusing on certain issues such as road infrastructure, public spaces and informal settlements.

Building capacity for urban design to realize productive, inclusive and liveable cities

It is imperative to build the capacity of cities to manage inter-disciplinary urban design tasks that will be critical to overcome spatially manifested challenges such as: redevelopment of inner-city slum areas; integration of transport planning and land use planning; planning of public spaces including green spaces; and ensuring vulnerable groups' access to infrastructure and facilities. MUDHCo in collaboration with institutions of higher learning should initiate pilot urban design capacity development programs for their ultimate institutionalization.

Institutionalizing the state of cities report process in Ethiopia

Given its importance in informing evidence-based policy making and strategy formulation in the urban development sector, the state of cities report process should be undertaken on a regular basis in the form of annual publications that can be connected with annual urban development review conferences. Identifying and prioritizing urban development themes (e.g., the state of urban infrastructure, the state of waste management, the state of public spaces, etc.) that can be taken up by future state of cities reports could be the starting point. It is also possible for group of cities (e.g., lake side cities with similar economic potential and common environment-related challenges) to initiate a state of cities process. Individual cities can also initiate similar studies in the run-up for crafting or their CDS. MUDHCo should play the lead role in institutionalizing the SECR by way of forging partnerships with ECSU and other relevant academic and research institutions.

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APPENDIXES

APPENDIX A: INDICATORS

1: POPULATION DYNAMICS AND URBANIZATION TRENDS –INDICATORS

1. DEMOGRAPHY (POPULATION CHARACTERISTICS, DYNAMICS):

1. POPULATION SIZE,
2. PERCENTAGE POPULATION GROWTH RATE,
3. IN-MIGRATION RATE RATIO

2. URBAN PRODUCTIVITY - INDICATORS

2.1 ECONOMIC GROWTH INDICATORS:

1. City Product per Capita in ETB per capita
2. Aggregate City Product in ETB billions
3. Ratio of MSEs per 1000 Population
4. percentage composition of MSEs by Sector
5. percentage transition of MSEs to Medium Enterprise
6. Private Investment per capita in ETB millions
7. Percentage composition of Investment Projects by Sector
8. Percentage City Contribution to national economy

2.2 EMPLOYMENT INDICATORS:

1. Economic Activity Rate in percentage
2. Employment-to-Population Ratio in percentage
3. Employed Persons by Economic Sector in percentage
4. Employed Persons by Occupational Skill in percentage
5. Informal Employment in percentage
6. Unemployment Rate in percentage
7. Youth Unemployment Rate in percentage

3. INFRASTRUCTURE AND SERVICES – INDICATORS

3.1 PHYSICAL INFRASTRUCTURE:

1. Road: percentage of proportion of paved road,
2. Transport: Maxi Busses per 1000 population, Midi and Mini-Bus per 1000 population, Length of city bus service in kilometre, Cost of public transport in Birr
3. ICT / Telephone: Coverage of fixed telephone, Coverage of mobile phone, Coverage of internet service per 1000 population

3.2 SOCIAL INFRASTRUCTURE:

1. Education: Net Enrolment Ratio – KG, Net Enrolment Ratio – 1-8, Net Enrolment Ratio – 9-10
2. Health: Population- Hospital ratio, Population-Physician ratio, Expectation of life at birth, Under 5 child mortality rate

3.3 URBAN ENVIRONMENTAL SUSTAINABILITY:

1. Energy: percentage households by type of energy for cooking, percentage share of energy use by sector
2. Urban Green Space: percentage of green spaces with respect to the total area, percentage of green spaces per 1000 inhabitants
3. Solid Waste: percentage of solid waste collected regularly, percentage of solid waste disposed
4. Waste-water: percentage access to waste water collection, percentage of wastewater treated

4. HOUSING PROVISION – INDICATORS

4.1 TENURE STATUS:

1. percentage composition of existing housing stock: Occupied by owners, Public rental houses, Private rental houses, Other different tenure

4.2 HOUSING SUPPLY:

1. percentage proportion of new formal houses constructed by: Individual households, Housing cooperatives, Municipalities and others, Private real estate companies
2. Number of condominium houses transferred to beneficiaries per 1000 population

4.3 HOUSING DEMAND:

1. Number of persons registered to access housing/plot

4.4 HOUSING INFRASTRUCTURE:

1. percentage of households with durable shelter
2. percentage of households with improved sanitation
3. percentage of households with access to electricity
4. percentage of households with sufficient living area

5. INCLUSION, POVERTY AND SAFETY - INDICATORS

5.1 INCLUSIVENESS:

1. Gender: percentage of females employed in the town/city, Women literacy rate
2. Child: Number of vulnerable children supported and treated by social support system
3. Old age: percentage of aged persons with no suitable housing
4. Disability: Total number of special education facilities for PWD

5.2 SAFETY:

1. HIV/AIDS: Net percentage of persons living with HIV/AIDS by gender
2. Crime: percentage of crimes by type registered in the city/town
3. Fire fighting: Number of fire fighting vehicles
4. Traffic safety: percentage traffic accident deaths per 100,000 inhabitants, Total amount of property loss due to traffic accident
5. Flood risk: Total number of deaths by flood hazards percentage, Total amount of property loss due to flooding per year

5.3 POVERTY AND INEQUALITY:

5. Poverty Incidence in percentage
6. Poverty Gap in percentage
7. Poverty Severity in percentage
8. Gini-Coefficient 0-1

6. URBAN PLANNING AND LAND MANAGEMENT - INDICATORS

6.1 URBAN PLANNING INDICATORS

1. Availability of legally approved active urban plan (Yes/No)
2. percentage of planned city expansion in relation to overall extension of built-up
3. Type of basic planning tools in place to allocate land for different uses (Qualitative)
4. Rate of population growth per annum and rate of urban expansion per year (percentage)
5. Amount of area in hectares reserved for economic activities (Number)
6. Proportion of industrial land occupied for its intended purpose (percentage)
7. Proportion of the area covered by informal settlements out of the total built-up area (percentage)
8. Proportion of informal housing units regularized by the municipality (percentage)

6.2 LAND MANAGEMENT INDICATORS

1. Existence of computerized municipal LIS(Yes/No)
2. percentage of households with title deed or other form of registered formal title/security of tenure
3. Amount of average compensation paid per household to land occupants displaced from the inner city (Birr/unit area)
4. Amount of average compensation paid per household to peasants displaced from cities' peripheries (Birr/unit area)
5. Proportion of urban land currently under lease arrangement (percentage)

7. GOVERNANCE AND FINANCE – INDICATORS

7.1 GOVERNANCE INDICATORS

1. Number of city employees per 1000 population
2. percentage of Voter Turnout in last recent election
3. Number of Residents participated in consultative forums
4. Independent audit coverage (Qualitative)

7.2 FINANCE INDICATORS

1. Revenue collection performance (percentage)
2. City Revenue per capita (Number)
3. Expenditure performance (percentage)
4. Expenditure per capita (Number)

APPENDIX B:ETHIOPIAN BIRR OFFICIAL EXCHANGE RATE PER US\$, 1995-2015

7.2.1.1 ETHIOPIAN BIRR EXCHANGE RATE PER US\$, 1995-2015

Year	ETB	Year	ETB
1995	6.16	2006	8.70
1996	6.35	2007	8.97
1997	6.71	2008	9.60
1998	7.12	2009	11.78
1999	7.94	2010	14.41
2000	8.22	2011	16.90
2001	8.46	2012	17.70
2002	8.57	2013	19.06
2003	8.60	2014	19.93
2004	8.64	2015	20.83
2005	8.67		

Source: World Bank Database for 2013-May 2015, NBE ((NBE, Inter-bank Daily Foreign Exchange Rate in (USD)- Archive, 2015)

APPENDIX C: TABLES AND FIGURES

Chapter 1: Population Dynamics and Urbanization Trends

Appendix 1.1: Distribution of Urban and Rural Population by Region (2012)

S.N	Region	Urban	%	Rural	%	Total	%
1	Oromia	4,091,045	28.2	27,203,947	39.0	31,294,992	37.1
2	Amhara	2,596,301	17.9	16,269,701	23.3	18,866,002	22.4
3	Tigray	1,069,543	7.4	3,860,456	5.5	4,929,999	5.8
4	SNNP	2,024,024	14.0	15,334,984	22.0	17,359,008	20.6
5	Harar	110,457	0.8	99,543	0.1	210,000	0.2
6	Somali	729,939	5.0	4,419,050	6.3	5,148,989	6.1
7	Afar	260,057	1.8	1,342,938	1.9	1,602,995	1.9
8	Gambela	118,606	0.8	267,391	0.4	385,997	0.5
9	Benishangul-Gumuz	163,453	1.1	818,551	1.2	982,004	1.2
10	Dire Dawa	262,884	1.8	124,116	0.2	387,000	0.5
11	Addis Ababa	3,041,002	21.0	-	0.0	3,041,002	3.6
Total		14,502,555	100.0	69,818,432	100.0	84,320,987	100.0

Source: CSA (2011)

Appendix 1.2: Proportion of Regional Urban Population (2012)

S.N.	Region	Urban Population	Total Population	%
1	Oromia	4,091,045	31,294,992	13.0
2	Amhara	2,596,301	18,866,002	14.0
3	Tigray	1,069,543	4,929,999	22.0
4	SNNP	2,024,024	17,359,008	12.0
5	Harar	110,457	210,000	53.0
6	Somali	729,939	5,148,989	14.0
7	Afar	260,057	1,602,995	16.0
8	Gambela	118,606	385,997	31.0
9	Benishangul-Gumuz	163,453	982,004	17.0
10	Dire Dawa	262,884	387,000	68.0
11	Addis Ababa	3,041,002	3,041,002	100.0
National		14467311	84207988	17.0

Source: CSA (2013)

Appendix 1.3: Percentage Change in Urban Population Size (1994-2012)

S.N	Regions	1994	2012	Average Increase
1	Oromia	11	13	23.6
2	Amhara	9	14	53.1
3	Tigray	15	22	47.3
4	SNNP	7	12	76.7
5	Harar	58	53	- 9.0
6	Somali	14	14	0.0
7	Afar	8	16	104.6
8	Gambela	15	31	105.6
9	Benishangul-Gumuz	8	17	117.3
10	Dire Dawa	69	68	- 1.1
11	Addis Ababa	99	100	1.4

Source: CSA (2013) and CSA (1998)

Appendix 1.4: Percentage Distribution of Population by Broad Age Group - 2007

S.N	Urban Centres	Population				Broad Age group		
		Total	< 14	15 – 64	65 +	< 14	15 – 64	65 +
1	Addis Ababa	2,739,551	658,137	1,989,440	91,974	24.0	72.6	3.4
2	Adama	220,212	61,678	152,442	6,092	28.0	69.2	2.8
3	Adigrat	57,588	21,113	34,053	2,422	36.7	59.1	4.2
4	Adwa	40,500	13,711	24,919	1,870	33.9	61.5	4.6
5	Axum	44,647	15,567	26,849	2,231	34.9	60.1	5.0
6	Arba Minch	74,879	23,579	50,231	1,069	31.5	67.1	1.4
7	Asossa	24,214	7,517	16,336	361	31.0	67.5	1.5
8	Bahir Dar	155,428	38,718	113,426	3,284	24.9	73.0	2.1
9	Bishoftu	99,928	27,568	68,305	4,055	27.6	68.4	4.1
10	Debre Markos	62,497	16,328	43,486	2,683	26.1	69.6	4.3
11	Dessie	151,174	40,817	102,799	7,558	27.0	68.0	5.0
12	Dilla	59,150	21,263	36,327	1,560	35.9	61.4	2.6
13	Dire Dawa	341,834	123,203	208,153	10,478	36.0	60.9	3.1
14	Gambela	39,022	13,280	25,272	470	34.0	64.8	1.2
15	Gondar	207,044	67,283	132,207	7,554	32.5	63.9	3.6
16	Harar	99,368	28,503	66,571	4,294	28.7	67.0	4.3
17	Hawassa	157,139	45,766	109,198	2,175	29.1	69.5	1.4
18	Hosanna	69,995	22,897	45,972	1,126	32.7	65.7	1.6
19	Jigjiga	125,876	47,062	76,036	2,778	37.4	60.4	2.2
20	Jimma	120,960	33,578	84,025	3,357	27.8	69.5	2.8
21	Kombolcha	58,667	18,122	38,409	2,136	30.9	65.5	3.6
22	Mekelle	215,914	69,417	138,986	7,511	32.2	64.4	3.5
23	Nekemte	75,219	20,494	53,110	1,615	27.2	70.6	2.1
24	Semera	2,625	784	1,812	29	29.9	69.0	1.1
25	Shashamane	100,454	35,610	62,780	2,064	35.4	62.5	2.1
26	Shire Endasselassie	47,284	17,302	28,283	1,699	36.6	59.8	3.6
27	Wollaita Sodo	76,050	25,228	49,551	1,271	33.2	65.2	1.7
	Total	5,436,140	1,506,138	3,757,882	172,120	27.7	69.1	3.2

Source: CSA (2008)

Appendix 1.5: Trend in Population Size and Average Growth Rate (1994-2007)

S.N	Towns/Cities	Population Size			Average Growth Rate	
		1984	1994	2007	1984-1994	1994-2007
1	Addis Ababa	1,423,182	2,084,588	2,738,248	3.8	2.1
2	Adama	76,284	127,842	220,212	5.2	4.2
3	Adigrat	16,262	37,417	57,588	8.3	3.3
4	Adwa	13,823	24,519	40,500	5.7	3.9
5	Axum	17,753	27,148	44,647	4.2	3.8
6	Arba Minch	23,032	40,020	74,879	5.5	4.8
7	Asossa	4,159	11,749	24,214	10.4	5.6
8	Bahir Dar	54,800	96,140	155,428	5.6	3.7
9	Bishoftu	51,143	73,372	99,928	3.6	2.4
10	Debre Markos	39,808	49,297	62,497	2.1	1.8
11	Dessie	68,848	97,314	120,095	3.5	1.6
12	Dilla	23,936	33,734	59,150	3.4	4.3
13	Dire Dawa	98,104	173,188	232,854	5.7	2.3
14	Gambela	4,492	18,263	39,022	14.0	5.8
15	Gondar	80,886	112,249	207,044	3.3	4.7
16	Harar	63,070	76,378	99,368	1.9	2.0
17	Hawassa	36,169	69,169	157,139	6.5	6.3
18	Hosanna	15,167	31,701	69,995	7.4	6.1
19	Jigjiga	23,183	56,821	125,876	9.0	6.1
20	Jimma	60,992	88,867	120,960	3.8	2.4
21	Kombolcha	15,782	39,466	58,667	9.2	3.0
22	Mekelle	61,583	96,938	215,914	4.5	6.2
23	Nekemte	28,703	47,258	75,219	5.0	3.6
24	Semera	-	545	2,625	-	12.1
25	Shashamane	31,531	52,080	100,454	5.0	5.1
26	Shire Endaselassie	12,846	25,269	47,284	6.8	4.8
27	Wollaita Sodo	24,592	36,287	76,050	3.9	5.7
		2,101,595	3,323,752	5,325,857	4.6	3.6

Source: CSA (1991), CSA (1998) and CSA (2008)

Appendix 1.6: Growth Rate Used to Estimate the 2013 Population Size of Urban Centres

S.N	Urban Centres	2007	2013	Growth Rate Applied by CSA (2007-2013)	Actual GR between 1994 -2007
1	Addis Ababa	2,738,248	3,103,673	1.3	2.1
2	Adama	220,212	282,974	2.5	4.2
3	Adigrat	57,588	76,447	2.8	3.3
4	Adwa	40,500	53,763	2.8	3.9
5	Axum	44,647	59,269	2.8	3.8
6	Arba Minch	74,879	107,542	3.6	4.8
7	Asossa	24,214	40,686	5.2	5.6
8	Bahir Dar	155,428	198,909	2.5	3.7
9	Bishoftu	99,928	128,408	2.5	2.4
10	Debre Markos	62,497	79,980	2.5	1.8
11	Dessie	151,174	187,616	3.6	3.4
12	Dilla	59,150	84,952	3.6	4.3
13	Dire Dawa	232,854	269,134	1.4	2.3
14	Gambela	39,022	64,499	5.0	5.8
15	Gondar	207,044	264,964	2.5	4.7
16	Harar	99,368	112,781	1.3	2.0
17	Hawassa	69,995	100,528	3.6	6.1
18	Hosanna	157,139	225,686	3.6	6.3
19	Jigjiga	125,876	152,674	1.9	6.1
20	Jimma	120,960	155,434	2.5	2.4
21	Kombolcha	58,667	75,078	2.5	3.0
22	Mekelle	215,914	286,505	2.8	6.2
23	Nekemte	75,219	96,657	2.5	3.6
24	Semera	2,625	3,971	4.1	12.1
25	Shashamane	100,454	129,084	2.5	5.1
26	Shire Endaselassie	47,284	62,769	2.8	4.8
27	Wollaita Sodo	76,050	109,225	3.6	5.7
Total		5,325,857	6,479,283	3.3	3.6

Source: CSA (2008) and CSA (2013)

Appendix 1.7: Fertility Rate by Region (Urban + Rural)

S.N	Regions	2000	2005	2011
1	Oromia	6.4	6.2	5.6
2	Amhara	5.9	5.1	4.2
3	Tigray	5.8	5.1	4.6
4	SNNP	5.9	5.6	4.9
5	Harar	4.4	3.8	3.8
6	Somali	5.7	6.0	7.1
7	Afar	4.9	4.9	5.0
8	Gambela	4.5	4.0	4.0
9	Benishangul-Gumuz	5.4	5.2	5.2
10	Dire Dawa	3.6	3.6	3.4
11	Addis Ababa	1.9	1.4	1.5
Country		5.9	5.4	4.8

Source: EDHS (2001), EDHS (2006) and EDH (2012)

Appendix 1.8: Use of Contraceptives of All Type by Region

S.N	Regions	2000	2005	2011
1	Oromia	6.6	13.6	26.2
2	Amhara	7.5	16.1	33.9
3	Tigray	10.2	16.5	22.2
4	SNNP	6.4	11.9	25.8
5	Harar	22.0	33.5	34.7
6	Somali	2.6	3.1	4.3
7	Afar	7.7	6.6	9.5
8	Gambela	13.5	15.9	33.8
9	Benishangul-Gumuz	8.7	11.1	27
10	Dire Dawa	28.4	34.0	33.9
11	Addis Ababa	45.2	56.9	62.5
Country		8.1	14.7	28.6

Source: EDHS (2001), EDHS (2006) and EDH (2012)

Appendix 1.9: Child Mortality by Region

S.N	Regions	2000	2005	2011
1	Oromia	193.8	122	112
2	Amhara	183.4	154	108
3	Tigray	169	106	85
4	SNNP	191.5	142	116
5	Harar	191	103	94
6	Somali	184.2	93	122
7	Afar	229	123	127
8	Gambela	233.2	156	123
9	Benishangul-Gumuz	197.7	157	169
10	Dire Dawa	175.7	136	97
11	Addis Ababa	113.5	72	53
Country		187.8	132	NA

Source: EDHS (2001), EDHS (2006) and EDHS (2012)

Appendix 1.10: Distribution of Population by Migration Status

Year	Migrant	%	Non-Migrant	All
1984	5,940,417	14.9.0	33,808,549	39,868,572
1994	8,916,653	18.23	39,982,618	48,899,271
2007	12,218,888	16.57	61,539,067	73,757,955

Source: CSA (1991), CSA (1998), CSA (2008)

Appendix 1.11: Distribution of Migrants by Area of Previous Residence

Year	All Migrants	Area of Previous Residence				NS
		Urban	%	Rural	%	
1994	6,916,653	1,812,543	26.2	5,094,080	73.4	-
2007	12,218,888	3,226,279	26.4	8,992,501	73.6	116

Source: CSA (1998) and CSA (2008)

Appendix1.12: Distribution of Population and Migrants by Region

S.N	Regions	1994*			2007		
		Urban Population	Migrants	%	Total Population	Migrants	%
1	Oromia	1,955,579	863,265	44.1	26,996,648	4,416,140	16.4
2	Amhara	1,260,955	543,367	43.1	17,222,800	2,366,972	13.7
3	Tigray	467,176	227,761	48.8	4,317,094	859,805	19.9
4	SNNP	720,708	281,686	39.1	14,931,032	2,075,332	13.9
5	Harar	75,931	26,168	34.5	183,415	48,462	26.4
6	Somali**	-	-	-	4,445,867	458,310	10.3
7	Afar**	-	-	-	1,390,984	189,407	13.6
8	Gambela	27,058	15,301	56.5	307,296	144,703	47.1
9	Benishangul-Gumuz	35,905	23,063	64.2	784,602	235,892	30.1
10	Dire Dawa	169,874	91,121	53.6	341,834	101,321	29.6
11	Addis Ababa	2,021,882	968,335	47.9	2,739,551	1,302,966	47.6
Total		6,735,068	3,040,067	45.1	73,661,123	12,199,310	16.6

Source: CSA (1998) and CSA (2008), *percentage of migrants for 1994 is computed out of the total urban population, **were not covered during the census

Appendix1.13: Proportion of Migrants by Urban Centre

S. N	Urban Centre	2007			Growth Rate 1994 – 2007
		Population	Migrants	% Migrant	
1	Addis Ababa	2,738,248	1,303,406	47.6	2.1
2	Adama	220,212	130,366	59.2	4.2
3	Adigrat	57,588	30,925	53.7	3.3
4	Adwa	40,500	19,035	47.0	3.9
5	Axum	44,647	20,047	44.9	3.8
6	Arba Minch	74,879	45,002	60.1	4.8
7	Asossa	24,214	16,490	68.1	5.6
8	Bahir Dar	155,428	86,418	55.6	3.7
9	Bishoftu	99,928	49,165	49.2	2.4
10	Debre Markos	62,497	32,873	52.6	1.8
11	Dessie	151,174	70,173	48.3	3.4
12	Dilla	59,150	27,564	46.6	4.3
13	Dire Dawa	232,854	68,925	29.6	2.3
14	Gambela	39,022	22,945	58.8	5.8
15	Gondar	207,044	86,544	41.8	4.7
16	Harar	99,368	43,026	43.3	2.0
17	Hawassa	69,995	41,997	60.0	6.1
18	Hosanna	157,139	110,783	70.5	6.3
19	Jigjiga	125,876	32,098	25.5	6.1
20	Jimma	120,960	61,085	50.5	2.4
21	Kombolcha	58,667	27,456	46.8	3.0
22	Mekelle	215,914	113,139	52.4	6.2
23	Nekemte	75,219	40,393	53.7	3.6
24	Semera	2,625	1,880	71.6	12.1
25	Shashamane	100,454	52,839	52.6	5.1
26	Shire Endasselassie	47,284	25,344	53.6	4.8
27	Wollaita Sodo	76,050	43,653	57.4	5.7
Total		5,325,857	2591402	48.7	2.6

Source: CSA (2008)

APPENDIX 2.1: GDP ESTIMATION FORMULA

The Aggregate City Product or city product estimation followed the UN Habitat Guideline. The city's value added output by major industrial divisions was calculated as the sum of products between the GDP in each major industrial divisions listed below, multiplied by employment ratio in same major industrial division. City employment ratio is the proportion of city employment from the national employment in same major industrial division. The Total City Product is the sum of all City Products by major industrial divisions. To find City Product Per capita the ACP was divided by total city population:

$$CityProductpercapita = \frac{\sum_{j=1}^J NationalProduct_j * \left(\frac{cityemployment_j}{national employment_j} \right)}{TotalCityPopulation}, \text{ Where } j \text{ stands for the industry sector.}$$

The GDP data used was from the Ministry of Finance and Economic Development (MoFED) estimate of 2006 EFY (2013/14): GDP by Economic Activity at Constant Prices 2003 EFY Base Year Series. For international comparisons the result was converted to US dollars using the annual Purchasing Power Parity (PPP) exchange rate. The following major industrial divisions of the UN standard industrial classifications system were used.

Agriculture and mining Includes forestry and fishing

Manufacturing, Utilities, Construction Includes Mining and Quarrying, Electricity, Gas, Steam and air conditioning supply, Water supply, Sewerage, Waste management and remediation activities

Wholesale and retail trade, transport and communication Includes Repair of motor vehicle and motor cycle, storage, information, accommodation and food service activities

Finance, insurance, real estate and business services Includes Professional, Scientific and Technical activities

Community, personal and other services Includes Education, Human health and Social work activities, Arts entertainment and recreation

Government Includes Administrative and Support service activities, Public administration and defense, Compulsory social security

Other Includes Activities of households as employers, activities of extraterritorial organizations and bodies

APPENDIX 2.2: Gross National Product 2012/13(, 000 Birr) and National Employment 2013 used of the Estimation of Aggregate City Product and City

Economic Sectors	Gross National Product ³³ 2012/13(,000 Birr)	National Employment 2013
1. Agriculture ³⁴	238,752,106	30,817,068
2. Manufacturing and Utilities ³⁵	39,079,354	2,309,186
3. Construction	34,831,637	824,769
4. Whole sale and Retail trade ³⁶ , Transport and Communication	135,949,501	3,200,491
5. Finance, Insurance, Real Estate, and Business Services ³⁷	61,050,124	275,889
6. Community, Personal, and other services ³⁸	31,986,560	976,601
7. Government ³⁹	28,263,412	430,318
8. Other ⁴⁰	1,407,737	3,569,557
Total	571,320,431	42,403,879

City Product per capita = \sum City Sector Product/Total Population

APPENDIX 2.3:

33MoFED, GDP Estimates - EFY 2006 (2013/14): GDP by Economic Activity at Constant Prices (ETB '000) - EFY 2003 Base Year Series.

34 Includes forestry and fishing

35 Includes Mining and Quarrying, Electricity, Gas, Steam and air conditioning supply, Water supply, Sewerage, Waste management and remediation activities

36 Includes Repair of motor vehicle and motor cycle, storage, information, accommodation and food service activities

37 Includes Professional, Scientific and Technical activities

38 Includes Education, Human health and Social work activities, Arts entertainment and recreation

39 Includes Administrative and Support service activities, Public administration and defense, Compulsory social security

40 Includes Activities of households as employers, activities of extraterritorial organizations and bodies

APPENDIX 2.3: City Product Per Capita for 23 SECR Cities

City	Estimated population in 2013 NLFS	Aggregate City Product in Billions of ETB at 2003 EFY prices	City Product Per Capita
Adama	285,611	4,401.36	18,791
Addis Ababa	3,156,057	56,760.06	21,017
Adigrat	72,375	955.45	16,929
Arba-Minch	101,819	1,613.2	20,047
Asossa	35,752	909.8	31,664
Bahir-Dar	202,157	4,882.38	28,475
Bishoftu	127,678	2,088.26	19,869
Debre Markos	86,225	1,682.89	23,404
Dessie	152,568	2,611.32	20,836
Dilla	77,856	1,135.76	18,505
Dire-Dawa	263,827	3,958.55	18,728
Gambela	52,659	807.93	20,799
Gondar	273,157	4,430.95	20,053
Harar	118,353	2,121.27	22,014
Hawassa	221,397	4,058.67	22,509
Hosanna	94,208	1,305.83	18,148
Jigjiga	142,408	1,719.01	17,197
Jimma	157,432	2841.6	22,412
Kombolcha	77,757	1,242.13	19,368
Mekelle	284,652	4,473.06	19,755
Nekemte	94,014	1,633.63	21,428
Shashemane	133,252	2,154.57	21,774
Wollaita Sodo	98,930	1,639.67	21,154
		109,427.35	

Appendix 2.4: Employment-to-Population Ratio in the SECR Cities under the 2005 and 2013 National Labour Force Surveys

City	NLFS 2005			NLFS 2013		
	Total	Male	Female	Total	Male	Female
Bahir Dar	53.9	61.5	48.1	64.3	74.2	56.3
Assosa	52.8	69.6	38.0	57.1	69.3	45.5
Aysayita	49.8	62.5	39.1	49.8	62.5	39.1
Bishoftu	48.4	60.0	39.1	54.7	66.8	44.5
Jimma	48.1	58.0	39.6	53.9	66.9	42.5
Adama	47.6	57.2	40.6	48.6	60.4	38.0
Hawassa	47.0	57.6	37.4	53.6	65.6	42.9
Mekelle	45.5	52.2	40.4	48.2	59.7	39.9
Kombolcha	45.5	52.2	40.4	47.8	59.2	38.1
Harar	45.2	52.2	39.2	51.7	60.7	43.8
Dire Dawa	44.5	50.4	39.2	48.0	56.3	41.0
Addis Ababa	44.1	54.2	35.7	47.6	59.7	37.4
Gonder	43.4	51.0	37.8	54.8	64.5	47.5
Dessie	43.0	52.0	35.5	49.5	61.5	39.0
Gambela	38.1	44.7	31.8	46.7	51.9	42.3
Jijiga	34.7	45.8	24.7	38.1	48.4	28.2
Debre Markos	-	-	-	63.9	71.4	58.2
Arba Minch	-	-	-	50.3	59.9	41.7
Wollaita Sodo	-	-	-	54.8	69.7	41.6
Adigrat	-	-	-	44.3	49.0	40.8
Nekemte	-	-	-	51.4	66.5	38.4
Shashemane	-	-	-	50.0	64.0	37.6
Dilla	-	-	-	45.6	54.1	37.4
Hossana				45.1	57.6	34.1
URBAN	44.8	54.2	37.0	50.9	61.6	41.6

APPENDIX 2.5: Economic Activity Rates of the SECR Cities Population under the 2005 and 2013 National Labour Force Surveys

Cities	2005 NLFS			2013 NLFS		
	Total	Male	Female	Total	Male	Female
Bahir Dar	66.3	68.2	64.8	75.4	81.2	70.6
Debre Markos	-	-	-	72.3	77.6	68.2
Wollaita-Sodo	-	-	-	67.3	76.6	59.1
Jimma	61.3	66.6	56.7	67	75.7	59.4
Assosa	65.0	73.8	57.2	66.3	73.4	59.6
Shashemane	-	-	-	66.2	74.6	58.8
Bishoftu	66.2	73.6	60.4	66.1	75	58.6
Kombolcha	-	-	-	64.9	72.8	58.2
Hawassa	62.0	65.6	58.7	63.8	72.2	56.4
Gonder	58.0	63.1	54.4	63.8	71.6	57.9
Dessie	59.3	63.2	56.0	63.6	70.5	57.5
Nekemte	-	-	-	63	74.4	53.2
Addis Ababa	64.4	70.2	59.5	62.8	71	55.9
Adama	63.1	69.4	58.6	62.7	69.6	56.5
Arba Minch	-	-	-	62.6	70.1	55.8
Dire Dawa	65.8	64.2	67.2	61.8	66.8	57.6
Harar	62.1	65.0	59.5	61.1	68.1	55
Hossana				59.4	66.4	53.2
Mekelle	58.1	63.9	53.6	59.2	65.7	54.5
Adigrat	-	-	-	56.3	58.9	54.5
Dilla	-	-	-	55.1	62.4	48
Gambela	51.3	52.1	50.4	51.2	53.2	49.4
Jijiga	53.7	61.6	46.5	44.9	55.8	34.5
URBAN	63.4	68.4	59.1	66.5	73.3	60.5

Appendix 2.6: Education Profile the Unemployed Population in the 23 SECR Cities during the 2013 National Labour Force Survey

Cities	All persons			Never Attended			Total ever attended & not graduated in Diploma or Degree			Graduated Diploma, Degree and Above			Not stated		
	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female
All 23 cities	700,759	232,473	468,284	86,152	11,707	74,448	589,461	211,835	377,629	77,249	33,933	43,283	605	33	572
Addis Ababa	409,467	138,635	270,833	48,893	6,483	42,410	360,574	132,152	228,423	40,992	19,336	21,656	532	–	532
Mekelle	24,793	5,721	19,072	2,182	200	1,982	19,015	4,872	14,144	3,595	649	2,946	–	–	–
Adama	33,026	10,113	22,913	3,091	418	2,673	25,763	8,317	17,446	4,171	1,378	2,793	–	–	–
Bahir Dar	18,928	5,409	13,519	2,158	160	1,997	13,281	3,642	9,639	3,489	1,606	1,883	–	–	–
Hawassa	18,458	5,599	12,859	2,240	260	1,980	16,218	5,339	10,879	3,368	1,496	1,873	–	–	–
Gonder	19,907	6,833	13,074	2,235	267	1,967	15,030	5,717	9,313	2,643	849	1,794	–	–	–
Dessie	17,607	5,308	12,299	1,199	230	969	13,800	4,110	9,689	2,608	968	1,641	–	–	–
Jimma	16,652	5,195	11,457	1,943	111	1,832	12,797	4,741	8,058	1,911	343	1,567	–	–	–
Dire Dawa	29,158	10,204	18,954	5,921	1,155	4,767	23,237	9,050	14,187	2,615	1,343	1,272	–	–	–
Nekemte	8,844	2,781	6,063	604	–	604	6,412	2,099	4,313	1,828	682	1,146	–	–	–
Shashemane	16,060	4,940	11,120	2,507	279	2,229	12,426	4,350	8,076	1,126	311	815	–	–	–
Hosanna	10,275	2,985	7,290	1,452	129	1,323	8,823	2,857	5,967	843	70	772	73	33	40
Debre Markos	6,045	1,942	4,103	1,163	34	1,129	3,741	1,388	2,353	1,141	520	621	–	–	–
Bishoftu	11,965	3,912	8,053	1,512	134	1,378	9,137	2,974	6,162	1,316	804	513	–	–	–
Arba Minch	9,877	3,875	6,002	1,612	265	1,347	8,266	3,610	4,655	941	533	408	–	–	–
Harar	9,077	3,314	5,762	1,103	172	931	7,974	3,143	4,831	949	557	391	–	–	–
Asossa	2,659	571	2,088	415	–	415	2,244	571	1,673	469	150	319	–	–	–
Kombolcha	10,980	3,978	7,001	923	150	773	9,259	3,305	5,955	798	524	273	–	–	–
Adigrat	6,807	2,340	4,467	800	27	773	5,491	2,013	3,478	516	299	216	–	–	–
Sodo	5,800	2,492	3,307	795	242	554	5,004	2,250	2,754	493	377	116	–	–	–
Jijjiga	6,839	3,590	3,250	2,237	692	1,546	4,602	2,898	1,704	847	733	114	–	–	–
Dilla	5,800	2,492	3,307	795	242	554	5,004	2,250	2,754	493	377	85	–	–	–
Gambela	1,735	244	1,491	372	57	315	1,363	187	1,176	97	28	69	–	–	–
		33.17	66.83	12.29	1.67	10.62	84.12	30.23	53.89	11.02	4.84	6.18	–	–	–

Source: National Labour Force Survey 2013

Appendix 2.7: Enterprise Creation under the Government MSEs Programme

City	No of MSEs	No of MSEs per thousand population	Average Start up Growth	Number of Operators			No of MSEs operators per thousand population	Operator per MSEs as size (average)	percentage of Female MSEs operators
				Female	Male	Total			
Adama	3684	13	87.65	7536	12614	20150	71	5.5	37.4
Addis Ababa	7382	2	92.82	27140	44374	71514	23	9.7	38.0
Adigrat	8153	107	32.90	7112	5766	12878	168	1.6	55.2
Adwa	1988	37	91.69	3551	2961	6512	121	3.3	54.5
Arba-Minch	526	5	97.48	984	997	1981	18	3.8	49.7
Asossa	271	7	97.42	364	590	954	23	3.5	38.2
Axum	6111	103	37.13	3833	3906	7739	131	1.3	49.5
Bahir-Dar	6161	31	0.00	4505	5217	9722	49	1.6	46.3
Bishoftu	580	5	95.27	1220	2308	3528	27	6.1	34.6
Debre Markos	1105	14	49.11	1732	1770	3502	44	3.2	49.5
Dessie	1199	6	64.85	1640	1817	3457	18	2.9	47.4
Dilla	120	1	71.54	329	506	835	10	7.0	39.4
Dire-Dawa	571	2	60.78	-	-	-	0	-	-
Gambela	128	2	92.97	282	600	882	14	6.9	32.0
Gonder	4763	18	22.13	3796	3104	6900	26	1.4	55.0
Harar	257	2	94.16	318	401	719	6	2.8	44.2
Hawassa	652	6	56.75	10297	6279	16576	165	25.4	62.1
Hosanna	226	1	82.48	586	664	1250	6	5.5	46.9
Jijiga	267	2	100.00	1998	2506	4504	30	16.9	44.4
Jimma	3199	21	97.52	6398	7447	13845	89	4.3	46.2
Kombolcha	1578	21	82.30	1789	2861	4650	62	2.9	38.5
Mekelle	15701	55	90.09	8192	10093	18285	64	1.2	44.8
Nekemte	2231	23	97.93	5188	4572	9760	101	4.4	53.2
Semera	81	20	79.01	223	458	681	171	8.4	32.7
Shashemane	3060	24	96.63	7985	9613	17598	136	5.8	45.4
Shire EndaSelassie	6628	106	16.46	3833	3906	7739	123	1.2	49.5
Wollaita Sodo	59	1	52.43	347	456	803	7	13.6	43.2
Totals & Averages	76681			111178	135786	246964		3.2	45%

Source: SECR Field Survey, 2014

Chapter 3: Infrastructure and Services

APPENDIX 3.1: PROPORTION OF PAVED ROADS IN THE 27 URBAN CENTRES

S.N	Urban Centre	Length of Paved Road (in km.)	Total Length of Road (in km.)	%Paved Road
1	Adama	288.8	644.41	44.8
2	Addis-Ababa	4013.4	4444	90.3
3	Adigrat	58.53	281.54	20.8
4	Adwa	16.36	83.36	19.6
5	Arba-Minch	68.33	285.17	24.0
6	Asossa	27.9	67.2	41.5
7	Axum	39.88	256.53	15.5
8	Bahir-Dar	141.08	836.97	16.9
9	Bishoftu	135.50	408.50	33.2
10	Debre-Markos	24.2	168	14.4
11	Dessie	109.90	334.50	32.9
12	Dilla	75.30	316.60	23.8
13	Dire-Dawa	125.58	608.22	20.6
14	Gambela	14.30	49.10	29.1
15	Gondar	113.56	394.60	28.8
16	Harar	66.93	136.41	49.1
17	Hawassa	156.00	703.00	22.2
18	Hosanna	55.76	433.81	12.9
19	Jigjiga	45.33	620.98	7.3
20	Jimma	50.70	336.57	15.1
21	Kombolcha	119.4	144.1	82.9
22	Mekelle	167.50	384.50	43.6
23	Nekemte	27.35	174.55	15.7
24	Semera	21.1	64.7	32.6
25	Shashamane	93.90	430.27	21.8
26	Shire Endaselassie	43.26	109.96	39.3
27	Wollaita Sodo	66.03	238.07	27.7
Total		6,025.47	12,849.65	46.9

Source: SECR Field Survey, 2014

APPENDIX 3.2: PROPORTION OF AREA OCCUPIED BY ROADS OUT OF THE BUILT-UP AREA

S.N	Urban Centre	Built-Up Area in ha	Area Occupied By Roads in ha	Road Share from Built-up Area
1	Adama	2,056	187	9.10*
2	Addis Ababa	27,000	9,360	34.7
3	Adigrat	832	197	23.7
4	Adwa	1,080	193	17.9
5	Arba-Minch	3,494	908	26.0
6	Axum	959	179	18.7
7	Debre-Markos	2,065	202	9.8
8	Gambela	532	73	13.7
9	Gondar	7,264	276	3.80*
10	Harar	2,199	666	30.3
11	Hawassa	6,465	1,009	15.6
12	Hosanna	3,405	298	8.75
13	Kombolcha	2,382	86	3.61*
14	Mekelle	4,500	4,200*	93.3*
15	Shashamane	4,000	2,719*	68.0*
16	Shire Endaselassie	840	97	11.6
Total**		58508**	13529**	23.1**

Source: Municipalities of the respective urban centres, *Data not reliable, **Total for 12 urban centres with complete and reliable data.

APPENDIX 3.3: PUBLIC BUSES PER 10,000 INHABITANTS – 2013(BUSES PER 10,000 POPULATION)

S.N	Urban Centre	Total Population	Num. of Public Bus	Num. of Mini bus*	Ratio of Public Bus	Ratio of Mini bus*
1	Addis Ababa	3,103,673	670	12,793	2.2	41.2
2	Adama	282,974	4	895	0.1	31.6
3	Adigrat	76,447	0	49	-	6.4
4	Adwa	53,763	0	114	-	21.2
5	Axum	59,269	0	126	-	21.3
6	Arba Minch	107,542	0	108	-	10.0
7	Asossa	40,686	0	167	-	41.0
8	Bahir Dar	198,909	4	602	0.2	30.3
9	Bishoftu	128,408	2	376	0.2	29.3
10	Debre Markos	79,980	0	64	-	8.0
11	Dessie	187,616	4	167	0.2	8.9
12	Dilla	84,952	0	88	-	10.4
13	Dire Dawa	269,134	6	525	0.2	19.5
14	Gambela	64,499	0	89	-	13.8
15	Gondar	264,964	4	486	0.2	18.3
16	Harar	112,781	5	184	0.4	16.3
17	Hosanna	100,528	0	224	-	22.3
18	Hawassa	225,686	4	709	0.2	31.4
19	Jigjiga	152,674	1	481	.07	31.5
20	Jimma	155,434	2	295	0.1	19.0
21	Kombolcha	75,078	0	137	-	18.2
22	Mekelle	286,505	0	782	-	27.3
23	Nekemte	96,657	4	160	0.4	16.6
24	Semera	25,209**	0	43	-	17.1
25	Shashamane	129,084	2	222	-	17.2
26	Shire Endaselassie	62,769	0	72	-	11.5
27	Wollaita Sodo	109,225	0	90	-	8.2
Total		6,534,446	711	20,048	1.1	30.8

Source: Transport Offices of Respective Urban Centres*The figure includes the number of midi-buses and tri-wheeled vehicles converted in to the equivalent number of mini-buses for the sake of comparison, **the figure includes the population size of Logia town

APPENDIX 3.4: LEVEL OF UTILIZATION OF INSTALLED CAPACITY (FIXED TELEPHONE) (2013)

SN	City (Town)	Capacity	Total Number of Subscriber	% Utilized
1	Adama	24,448	2,154	8.81
2	Addis-Ababa	1,751,245	81,963	4.68
3	Adigrat	5,120	862	16.84
4	Adwa	3,840	360	9.34
5	Arba-Minch	19,720	859	4.36
6	Asossa	3,056	1,630	53.34
7	Axum	5,120	521	10.18
8	Bahir-Dar	16,430	9,721	59.17
9	Bishoftu	12,512	1,565	12.51
10	Debre-Markos	4,960	3,764	75.89
11	Dessie	49,300	6,994	14.19
12	Dilla	16,808	605	3.60
13	Dire-Dawa	14,724	2,923	19.85
14	Gambela	3,000	947	31.58
15	Gondar	10,976	6,464	58.90
16	Harar	7,235	1,828	25.27
17	Hawassa	95,397	3,662	3.84
18	Hosanna	24,438	789	3.23
19	Jigjiga	1,768	947	53.56
20	Jimma	34,600	1,935	5.59
21	Kombolcha	20,300	2,107	10.38
22	Mekelle	45,000	4,507	10.02
23	Nekemte	10,074	748	7.43
24	Semera	3,971	1,083	43.32
25	Shashamane	43,338	1,147	2.65
26	Shire Endaselassie	5,120	1,156	22.59
27	Wollaita-Sodo	25,575	1,135	4.44
Total		2,256,604	142,376	6.3

Source: Ethiopian Telecommunication Corporation (2013)

APPENDIX 3.5: DISTRIBUTION OF SUBSCRIPTIONS PER 1000 POPULATION - 2013

Urban Centre	Population Size	Number of Subscriptions		Subscriptions / 1000 People	
		Fixed Phone	Internet	Fixed Phone	Internet
Adama	282,974	2,154	867	0.76	0.31
Addis-Ababa	3,103,673	81,963	54,096	2.64	1.74
Adigrat	76,447	862	201	1.13	0.26
Adwa	53,763	360	97	0.67	0.18
Arba-Minch	107,542	859	230	0.80	0.21
Asossa	40,686	1,630	764	4.01	1.88
Axum	59,269	521	101	0.88	0.17
Bahir-Dar	198,909	9,721	5,189	4.89	2.61
Bishoftu	128,408	1,565	343	1.22	0.27
Debre-Markos	79,980	3,764	826	4.71	1.03
Dessie	187,616	6,994	2,084	3.73	1.11
Dilla	84,952	605	102	0.71	0.12
Dire-Dawa	269,134	2,923	839	1.09	0.31
Gambela	64,499	947	259	1.47	0.40
Gondar	264,964	6,464	1,205	2.44	0.46
Harar	112,781	1,828	513	1.62	0.46
Hawassa	225,686	3,662	2,217	1.62	0.98
Hosanna	100,528	789	104	0.79	0.10
Jigjiga	152,674	947	259	0.62	0.17
Jimma	155,434	1,935	34	1.25	0.02
Kombolcha	75,078	2,107	105	2.81	0.14
Mekelle	286,505	4,507	2,052	1.57	0.72
Nekemte	96,657	748	466	0.77	0.48
Semera	25,209*	1,083	607	4.21	2.41
Shashamane	129,084	1,147	190	0.89	0.15
Shire Endaselassie	62,769	1,156	205	1.84	0.33
Wollaita-Sodo	109,225	1,135	168	1.04	0.15
Total	6,479,283	142,376	74,123	2.18	1.13

Source: Ethiopian Telecommunication Corporation (2013)

Appendix 3.6: Enrolment -2013

S.N.	Urban Centres	KG Enrolment	1 - 8 Enrolment	9 - 10 Enrolment
1	Addis Ababa	127,014	399,470	69,377
2	Adama	16,805	45,946	4,811
3	Adigrat	2,397	12,278	5,815
4	Adwa	2,119	8,303	4,589
5	Axum	2,050	9,432	4,372
6	Arba Minch	1,399	10,864	1,191
7	Asossa	1,220	6,124	957
8	Bahir Dar	-	-	-
9	Bishoftu	4,703	20,507	4803
10	Debre Markos	2,952	12,528	3,657
11	Dessie	3,836	26,369	8,073
12	Dilla	3,455	15,917	4,921
13	Dire Dawa	8,234	53,248	3,881
14	Gambela	2,458	8,865	735
15	Gondar	6,521	40,579	5,865
16	Harar	3,851	37,460	2,795
17	Hawassa	15,487	80,918	17,355
18	Hosanna	7,569	17,783	4,969
19	Jigjiga	5,268	43,971	7,256
20	Jimma	5,506	20,962	3,561
21	Kombolcha	4,007	17,871	4,193
22	Mekelle	13,010	56,692	17,008
23	Nekemte	2,127	6,619	1,760
24	Semera	30	796	284
25	Shashamane	8,339	33,674	9,281
26	Shire Endaselassie	2,308	11,673	2,669
27	Wollaita Sodo	2,318	16,958	4,040
Total		254,983	1,015,807	198,218

Source: SECR Field Survey, 2014. Bold Figures indicate Gross Enrolments

APPENDIX 3.7: SCHOOL AGE POPULATION -2013

S.N.	Urban Centre	Population	KG	1 - 8	9 - 10
1	Addis Ababa	3,103,673	217,257	682,808	201,739
2	Adama	282,974	19,808	62,254	18,393
3	Adigrat	76,447	5,351	16,818	4,969
4	Adwa	53,763	3,763	11,828	3,495
5	Axum	59,269	4,149	13,039	3,852
6	Arba Minch	107,542	7,528	23,659	6,990
7	Asossa	40,686	2,848	8,951	2,645
8	Bahir Dar	198,909	13,924	43,760	12,929
9	Bishoftu	128,408	8,989	28,250	8,347
10	Debre Markos	79,980	5,599	17,596	5,199
11	Dessie	187,616	10,758	33,812	9,990
12	Dilla	84,952	5,947	18,689	5,522
13	Dire Dawa	269,134	18,839	59,209	17,494
14	Gambela	64,499	4,515	14,190	4,192
15	Gondar	264,964	18,547	58,292	17,223
16	Harar	112,781	7,895	24,812	7,331
17	Hosanna	100,528	7,037	22,116	6,534
18	Hawassa	225,686	15,798	49,651	14,670
19	Jigjiga	152,674	10,687	33,588	9,924
20	Jimma	155,434	10,880	34,195	10,103
21	Kombolcha	75,078	5,255	16,517	4,880
22	Mekelle	286,505	20,055	63,031	18,623
23	Nekemte	96,657	6,766	21,265	6,283
24	Semera	3,971	278	874	258
25	Shashamane	129,084	9,036	28,398	8,390
26	Shire Endaselassie	62,769	4,394	13,809	4,080
27	Wollaita Sodo	109,225	7,646	24,030	7,100
Total		6,513,208	453,549	1,425,441	421,155

Source: SECR Field Survey, 2014

APPENDIX 3.8: NET ENROLMENT RATIO-2013

S.N	Urban Centre	Population	Net Enrolment Ratio		
			KG	1 - 8	9 - 10
1	Addis Ababa	3,103,673	89.1	75.3	47.3
2	Adama	282,974	82.7	77.9	58.1
3	Adigrat	76,447	44.8	73.0	117.0
4	Adwa	53,763	56.3	70.2	131.3
5	Axum	59,269	49.4	72.3	113.5
6	Arba Minch	107,542	18.6	45.9	17.0
7	Asossa	40,686	42.8	68.4	36.2
8	Bahir Dar	198,909	-	-	-
9	Bishoftu	128,408	52.3	72.6	57.5
10	Debre Markos	79,980	52.7	71.2	70.3
11	Dessie	187,616	35.7	78.0	80.8
12	Dilla	84,952	58.1	85.2	89.1
13	Dire Dawa	269,134	28.4	70.4	48.9
14	Gambela	64,499	68.2	84.6	27.7
15	Gondar	264,964	35.2	69.6	34.1
16	Harar	112,781	22.8	84	28.7
17	Hawassa	100,528	107.6	80.4	76.0
18	Hosanna	225,686	98.0	163.0	118.3
19	Jigjiga	152,674	49.3	130.9	73.1
20	Jimma	155,434	65.5	70.8	44.0
21	Kombolcha	75,078	76.2	108.2	85.9
22	Mekelle	286,505	61.4	82.6	71.6
23	Nekemte	96,657	41.7	32.1	31.8
24	Semera	3,971	-	-	-
25	Shashamane	129,084	53.9	85.2	36.6
26	Shire Endaselassie	62,769	46.5	88.6	83.8
27	Wollaita Sodo	109,225	40.3	86	77
Total*		6,513,208	56.4	67.1	39.2

Source: Educational Office of the Urban Centres

*The ratios are computed for urban centres for which data on net enrolment was obtained

Bold Figures - Estimation based on Gross Enrolment,

APPENDIX 3.9: LITERACY RATE -POPULATION AGED FIVE YEARS AND ABOVE (1984 – 2007)

Sex	2007			1994			1984		
	Population	Literate	%	Population	Literate	%	Population	Literate	%
Both Sex	50,978,968	21,763,933	42.7	36,626,387	8581347	23.4	18,602,773	3,547,794	19.1
Male	25,631,130	2,997,341	50.8	18,342,330	5485383	29.9	9,321,551	2,518,818	27.1
Female	25,347,838	8,766,592	34.6	18284057	3095964	17.0	9,281,222	1,028,976	11.1

Source: CSA (1991), CSA (1998), CSA (2011)

APPENDIX 3.10: POPULATION –HOSPITAL RATIOS – 2013

S.N	Urban Centres	Population	Number of Hospital	Population-Hospital
1	Addis Ababa	3,103,673	6	1: 517,279
2	Adama	282,974	1	1: 282,974
3	Adigrat	76,447	1	1: 76,447
4	Adwa	53,763	1	1: 53,763
5	Axum	59,269	1	1: 59,269
6	Arba Minch	107,542	1	1: 107,542
7	Asossa	40,686	1	1: 40,686
8	Bahir Dar	198,909	1	1: 198,909
9	Bishoftu	128,408	2	1: 64,204
10	Debre Markos	79,980	1	1: 79,980
11	Dessie	187,616	2	1: 93,808
12	Dilla	84,952	1	1: 84,952
13	Dire Dawa	269,134	2	1:134,567
14	Gambela	64,499	1	1: 64,499
15	Gondar	264,964	1	1: 264,964
16	Harar	112,781	2	1: 56,390
17	Hawassa	100,528	1	1: 100,528
18	Hosanna	225,686	1	1: 225,686
19	Jigjiga	152,674	1	1: 152,674
20	Jimma	155,434	1	1: 155,434
21	Kombolcha	75,078	0	No hospital
22	Mekelle	286,505	3	1: 95502
23	Nekemte	96,657	1	1: 96657
24	Semera	25,209**	0	No hospital
25	Shashamane	129,084	2	1: 64542
26	Shire Endaselassie	62,769	1	1: 62769
27	Wollaita Sodo	109,225	1	1: 109,225
	Total	6,534,446	37	1:176,606
	National Level* 2012	84,320,987	125	1:674,568
	1992	61,671,057	78	1:790,654

Source: SECR 2014 computation based on data obtained from the urban centres, * Data refers to year 2012

APPENDIX 3.11: POPULATION-PHYSICIAN RATIOS – 2013

S.N	Urban Centres	Population	Physician*	Population -Physician	Population-Doctor Ratio
1	Addis Ababa	3,103,673	303	1: 10,243	1: 12,171
2	Adama	282,974	77	1: 3,675	1: 4,879
3	Adigrat	76,447	15	1: 5,096	1: 7,645
4	Adwa	53,763	11	1: 4,888	1: 5,376
5	Axum	59,269	11	1: 5,388	1: 5,927
6	Arba Minch	107,542	21	1: 5,121	No doctor
7	Asossa	40,686	16	1: 2,543	1: 5,086
8	Bahir Dar	198,909	45	1: 4,420	1: 4,736
9	Bishoftu	128,408	47	1: 2,732	1: 6,115
10	Debre Markos	79,980	29	1: 2,758	1: 2,856
11	Dessie	187,616	72	1: 2,605	1: 4,169
12	Dilla	84,952	57	1: 1,490	1: 1,807
13	Dire Dawa	269,134	55	1: 4,893	1: 2,0703
14	Gambela	64,499	34	1: 1897	1: 6,450
15	Gondar	264,964	22	1: 12,044	1: 1,9060
16	Harar	112,781	73	1: 1,545	1: 3,524
17	Hawassa	100,528	155	1: 649	1: 3,351
18	Hosanna	225,686	71	1: 3,179	1: 1,4105
19	Jijjiga	152,674	44	1: 3,470	1: 4490
20	Jimma	155,434	210	1: 740	1: 740
21	Kombolcha	75,078	21***	1: 3,575	No doctor
22	Mekelle	286,505	150	1: 1,910	1: 2,154
23	Nekemte	96,657	36	1: 2,685	1: 4,603
24	Semera	25,209****	1***	1: 3,971	No Doctor
25	Shashamane	129,084	61	1: 2,116	1: 3,310
26	Shire Endasellassie	62,769	9	1: 6,974	1: 6,974
27	Wollaita Sodo	109,225	82	1: 1,332	1: 1,560
Total		6,534,446	1728	1:3,769	1: 5,590
National Level** 2012		84,320,987	7,846	1:10,747	1:17,128
1992		61,671,057	1,263	1:48,829	-
Africa				1:5,000	
Lower Income Countries				1:2,500	
Lower Middle Income				1:1,000	
Europe				1:313	
Global				1:769	

Source: SECR Field Survey, 2014 computation based on data obtained from the urban centres, World Health Statistics (2009)

*Doctor or Health officer, ** Data refers to year 2012, ***the physician belong to health centres as there is no hospital in the town.

Chapter 4: Housing Provision

APPENDIX 4.1: PHYSICAL CONDITIONS OF HOUSING IN THE STUDY CITIES

City	Walling								Roofing				Flooring				Ceiling			
	Mud & Wood		Stone Brick & Cement		Others		Corrugated Iron Sheets		Concrete Cement		Others		Mud		Without & Others		No Ceiling		Yes	
	No	%	No	%	No	%	No.	%	No.	%	No.	%	No.	%	No.	%	No	%	No.	%
Adama	30108	51	15296	25.7	13999	24	58947	99.2	163	0.3	321	0.5	29389	49.4	30043	50.6	24395	41	35037	59
Addis-Ababa	485272	77	111177	17.7	32541	5.2	616555	98	6330	1	610	0.1	251721	40	377266	60	138855	22.1	490131	77.9
Adigrat	117	0.7	14661	91.8	1194	7.5	14379	90	224	1.4	1369	8.6	9110	57	6861	42.9	13612	85.2	2361	14.8
Adwa	445	3.7	7362	60.8	146	1.2	11735	96.9	182	1.5	197	1.6	6358	52.5	6302	52	9307	76.8	2806	23.2
Arba-Minch	16859	93	942	5.2	272	1.5	16804	93	65	0.4	1203	6.7	10613	58.7	7460	41.3	8241	45.6	9832	54.4
Asossa	9762	87	631	5.6	796	7.1	8783	78.5	30	0.3	2181	20	9139	81.7	2051	18.3	5778	51.6	5412	48.4
Hawassa	35320	90	3481	8.9	256	0.7	38597	98.8	52	0.1	407	1.1	10626	27.2	28285	72.4	13701	35.1	25356	64.9
Axum	1077	8.4	11715	91.3	46	0.4	12465	97.1	316	2.5	56	0.4	6651	51.8	5721	44.6	10071	78.4	2867	22.3
Bahir-Dar	43072	83	8168	15.8	504	1	48584	93.9	71	0.1	3089	6	39047	75.5	12696	24.5	28195	54.5	23549	45.5
Bishoftu	24549	92	2109	7.9	149	0.6	26599	99.2	58	0.2	149	0.6	12327	46	14478	54.1	9677	36.1	17129	63.9
Debre-Markos	18117	98	306	1.7	55	0.3	18052	97.7	15	0.1	412	2.2	16071	87	2408	13	10607	57.4	7872	42.6
Dessie	27262	94	1372	4.7	518	1.8	28345	97.2	150	0.5	658	2.3	20749	71.2	8403	28.9	11355	38	17797	62
Dilla	10853	88	1413	11.5	48	0.4	11469	93.1	22	0.2	824	6.7	3698	30	8619	70	4746	38.5	7570	61.5
Dire Dawa	11389	22	30481	59.1	9725	19	49526	96	536	1	1534	3	20413	39.6	31182	60.4	29933	58	21662	42
Gambela	8077	84	1232	12.8	288	3	6884	71.7	32	0.3	2729	28	7528	78.4	2068	21.6	6403	66.7	3193	33.7
Gondar	42746	84	7036	13.8	974	1.9	48621	95.7	228	0.4	1968	3.9	41960	82.6	8700	17.1	25711	50.6	25108	49.4
Harar	19388	71	6866	25	1161	4.3	24663	90	378	1.4	2392	8.7	12557	45.8	14857	54.2	9755	35.6	17660	64.4
Jimma	32054	96	995	3	203	0.6	31067	93.4	23	0.1	2164	6.5	28095	84.5	5159	15.5	16643	50.1	16609	49.9
Kombolcha	12732	83	2196	14.4	334	2.2	14571	95.5	20	0.1	334	2.2	9271	60.7	5991	39.3	9153	60	6110	40
Mekelle	9387	17	44725	81.7	598	1.1	52958	96.8	926	1.7	824	1.5	27645	50.5	197	0.4	25774	47.1	1093	2
Nekemte	18282	94	1601	8.3	115	0.6	19114	98.5	70	0.4	214	1.1	12391	63.9	7008	36.1	9313	48	10085	52
Semera																				
Shashamane	21110	93	997	4.4	545	2.4	21937	96.7	31	0.1	716	3.2	10528	46.4	12158	53.6	10670	47	12015	53
Shire Endasselassie	8310	61	5210	38.4	20	0.1	11716	86.5	1810	13	25	0.2	8310	61.3	5240	38.7	9228	68.1	4329	31.9
Wollaita Sodo	16413	96	597	3.5	62	0.4	16601	97.2	42	0.2	428	2.5	8332	48.8	8740	51.2	8243	48.2	8830	51.8
Hosanna	15094	94	896	5.6	91	0.6	15219	94.6	43	0.3	819	5.1	8581	53.4	7501	46.7	8705	54.1	7377	45.9

Source: CSA, 2007

APPENDIX 4.2: PERCENTAGE DISTRIBUTION OF TENURE TYPE - 2007

City	Owner occupied	Rent Free	Kebele Rental	AARH Rental	Rent from Organisation	Private Rent	Different Rent
Adama	31.8	7.3	12.9	1	0.8	46	0.2
Addis-Ababa	32.6	5.9	23.6	1.8	0.5	35.4	0.1
Adigrat	33.3	10.1	0.1	0.5	0.3	55.7	0.1
Adwa	26.1	13.4	1.5	0.3	0.5	58.1	0.1
Arba-Minch	43.8	5.5	8.7	0.9	0.8	40	0.1
Asossa	42.5	8	1.2	1.5	1.1	45.5	0.2
Hawassa	24.5	6.3	7	1.1	3.2	60.4	0.1
Axum	37.1	7.5	0.3	0.2	0.5	54.4	0.03
Bahir-Dar	38.9	5.2	6.1	0.6	0.4	48.8	0.1
Bishoftu	30.3	7.8	21.3	0.7	0.5	39.3	0.2
Debre Markos	38	5	13.4	0.8	0.8	41.9	0.02
Dessie	34.5	5.7	22.2	0.9	0.5	36	0.2
Dilla	41.1	9.2	14	0.8	0.7	33.8	0.2
Dire Dawa	34.5	9.1	20.2	2.7	1.1	32.4	0.1
Gambela	39.4	8.2	5.4	1.9	3.2	41.3	0.6
Gondar	37.2	6.5	13	0.9	0.7	41.5	0.2
Harar	29.4	8.5	25.3	2.2	0.7	33.7	0.1
Jigjiga	43.5	9.3	0.9	0.3	34.6	11.2	0.2
Jimma	30.8	5.8	15.3	1.4	0.7	36.2	0.1
Kombolcha	38.4	6.4	7.5	6.6	0.6	42.7	0.3
Mekelle	32.7	9.8	0.9	1	0.4	55	0.2
Nekemte	36.6	4.5	7.2	0.5	0.7	50.5	0.03
Semera	NA	NA	NA	NA	NA	NA	NA
Shashamane	39	7.6	9.2	0.3	0.7	42.9	0.1
Shire Endaselassie	32.5	5.2	0.6	0.3	0.3	60.9	0.1
Wollaita-Sodo	40.2	8.4	7.8	0.4	1	41.1	0.1
Hosanna	38.7	7.7	4.2	0.5	1	47.7	0.09
Total	927.4	193.9	249.8	30.1	56.3	1132.4	3.87
Average%	35.7	7.4	9.6	1.2	2.2	43.6	0.1

Source: CSA, 2007: National Population and Housing Census

APPENDIX 4.3: PERCENTAGE DISTRIBUTION OF TENURE TYPE - 2011

City	Owner Occupied	Rent Free	Rental	Diff. in rent	Others
Mekelle	40.7	5.56	51.4	2.34	0
Gondar	39.02	8.61	51.62	0	0.67
Dessie	32.6	4.44	60.66	0.2	2.09
Bahir Dar	31.33	5.52	62.65	0	0.49
Adama	29.6	8.93	59.94	0.28	1.24
Jima	41.45	4.98	51.93	0	1.64
Bishoftu	29.63	5.24	59.55	5.59	0
Jigjiga	44.26	17.29	37.84	0	0.61
Asossa	45.99	1.82	51.66	0	0.53
Hawassa	29.15	3.49	66.46	0.24	0.66
Gambela	50.83	3.28	44.47	0.16	0.88
Harar	37.46	4.91	57.38	0	0.25
Addis Ababa	33.35	6.08	58.77	0.45	1.28
Dire Dawa	44.96	6.25	48.32	0.23	0.23
Total	530.33	86.4	762.65	9.49	10.57
Average%	37.9	6.2	54.5	0.7	0.8

Source: CSA, 2011

APPENDIX 4.4: INFORMAL/ILLEGAL HOUSING CONSTRUCTION AND LAND OCCUPATION

Cities	No. of Informal Housing				Area of Land Occupied by Squatters in Hectare			
	2011	2012	2013	Total	2011	2012	2013	Total
Wollaita Sodo	NA	NA	NA	NA	NA	NA	NA	NA
Dilla	NA	NA	1,600	1,600	NA	NA	498	498.0
Addis Ababa	NA	NA	44,547	44,547	NA	NA	104593	104,593.0
Dire Dawa	NA	8,974	NA	8,974	NA	1770.65	NA	1,770.7
Jimma	5,145	1,493	7,638	14,276	142	123	265	530.0
Harar	8,100	8,300	8,500	24,900	162	166	170	498.0
Kombolcha	713	311	428	1,452	1.67	NA	NA	1.7
Hawassa	7,864	NA	NA	7,864	69.1	NA	NA	69.1
Axum	82	NA	7	89	0.13	NA	NA	0.1
Semera	NA	NA	NA	NA	NA	NA	NA	NA
Dessie	120	584	380	1,084	4.8	24.2	7	36.0
Bahir Dar	NA	NA	4,920	4,920	NA	NA	6	6.0
Adigrat	112	92	113	317	NA	NA	NA	NA
Adama	NA	NA	9,049	9,049	NA	NA	NA	NA
Nekemte	NA	NA	2,369	2,369	NA	NA	73	73.0
Adwa	NA	NA	563	563	NA	NA	NA	NA
Arba Minch	NA	NA	2,966	2,966	NA	NA	NA	NA
Asossa	NA	332	450	782	NA	1.5		1.5
Mekelle	233	171	827	1,231	NA	NA	NA	NA
Shashamane	NA	NA	4,041	4,041	NA	NA	367	367.0
Shire Endaselassie	NA	NA	NA	NA	NA	NA	NA	NA
D/Markos	30	5	30	65	0.75	0.13	1	1.9
Gambela	NA	200	NA	200	NA	200	NA	200.0
Hossana	NA	NA	NA	NA	940,600	NA	NA	940,600.0
Bishoftu	1,360	147	107	1,614	40.1	6.11	4	50.2
Jigjiga	NA	NA	393	393	NA	NA	16	16.1
Gondar	NA	NA	4,460	4,460	NA	NA	65	65.0
	23,759	20,609	93,388	137,756	941,020.6	2,291.6	106,065	10,49,377.1

APPENDIX 4.5: HOUSING CROWDING, 2007

City	One Room		Two Room		Three Room		Four +Room		Average No. of rooms per household	Average Household/ Housing unit	Average No. persons/Housing Unit
	No.	%	No.	%	No.	%	No.	%			
Adama	27013	45.5	15611	26.3	8836	14.9	7972	13.4	2.1	1.035	3.6
Addis-Ababa				25.9	99207	15.8	118735	18.9	2.4	1.042	4.2
Adigrat	9323	58.4	2850	17.8	1508	9.4	2291	14.3	2	1.026	3.6
Adwa	6581	54.3	2059	17	1421	11.7	2053	16.9	2.2	1.029	3.2
Arba-Minch	8825	48.8	4040	22.4	3264	18.1	1945	10.8	2	1.045	3.9
Asossa	5061	45.2	2728	24.4	1639	14.6	1762	15.7	NA	NA	NA
Hawassa	20710	53	7197	18.4	4619	11.8	6531	16.7	2.1	1.048	3.8
Axum	7111	55.4	2930	22.8	1465	11.4	1332	10.4		1.039	3.4
Bahir-Dar	27908	53.9	11487	22.2	6235	12	6139	11.9	1.9	1.026	3.4
Bishoftu	10663	39.7	7616	28.4	3856	14.4	4701	17.5	2.3	1.028	3.7
Debre-Markos	7153	38.7	3418	18.5	3861	20.9	4047	21.9	2.5	1.03	3.2
Dessie	11930	40.9	7896	27.1	4407	15.1	4920	16.9	2.2	1.079	4.2
Dilla	3954	32.1	4025	32.7	2551	20.7	1786	14.5	2.4	1.058	4.5
Dire-Dawa	31558	61.2	10523	20.4	4863	9.4	4663	9	1.8	1.05	4.1
Gambela	6147	64.1	1791	18.7	912	9.5	746	7.8	1.7	1.038	3.6
Gondar	29942	58.9	10202	20	6930	13.6	3744	7.4	1.8	1.042	4
Harar	13835	50.5	7107	25.9	3129	11.4	3343	12.2	2	1.03	3.5
Jigjiga	13947	60	5363	23.1	2143	9.2	1809	7.8	1.8	1.115	5
Jimma	8609	25.9	12117	34.6	6222	18.7	6306	18.9	2.5	1.056	4.1
Kombolcha	6780	44.4	3966	26	2177	14.3	2338	15.3	2.2	1.083	3.9
Mekelle	33041	60.4	9089	16.6	5206	9.5	7371	13.5	2	1.035	3.8
Nekemte	7844	40.4	3830	19.7	2928	15.1	4796	24.7	2.5	1.036	3.7
Semera	NA		NA		NA		NA		NA	NA	NA
Shashamane	9855	43.4	5926	26.1	3643	16.1	3261	14.4	2.2	1.051	4.2
Shire Endaselassie	8172	60.3	2733	20.2	1331	9.8	1316	9.7	1.8	1.026	3.4
Wollaita-Sodo	6752	39.5	4278	25.1	3342	19.6	2699	15.8	2.3	1.065	4.3
Hosanna	7577	47.1	2466	15.3	3001	18.7	3039	18.9	2.3	1.039	3.1
									51	27.186	98.8
									1.96	1.046	3.8

APPENDIX 4.6: RATIO OF PEOPLE NEEDING ACCESS TO HOUSING ^o PER 1,000 POPULATION, 2000-2006

City	Total population	Total demand(2000-2006)	Ratio
Adama	234231	24534	104.7
Addis Ababa	2700736	974983	361.0
Adigrat	56439	3294	58.4
Adwa	53763	1728	32.1
Arba-Minch	80472	3119	38.8
Asossa	28733	1889	65.7
Axum	59269	3229	54.5
Bahir-Dar	171463	46703	272.4
Bishoftu	105099	22438	213.5
Debre Markos	71907	2627	36.5
Dessie	125327	12077	96.4
Dilla	61377	4505	73.4
Dire-Dawa	211372	37335	176.6
Gambela	38845	2562	65.9
Gondar	220960	19092	86.4
Harar	96361	2250	23.3
Hawassa	180313	NA	-
Hosanna	71954	13913	193.4
Jigjiga	99959	NA	-
Jimma	126787	19308	152.3
Kombolcha	64134	290	4.5
Mekelle	226424	22207	98.1
Nekemte	76237	2967	38.9
Semera	3971	1100	277.0
Shashamane	98953	NA	-
Shire Endaselassie	62769	13393	213.4

Source: SECR Field Survey 2014

^o Includes persons registered for access to a condominium house, public rental house and land to build a house

APPENDIX 4.7: DISTRIBUTION OF HOUSING UNITS BY TYPE OF TOILET - 2007

City	Flush Private	Flush Shared	Pit Private	Pit Shared	Ventilated Improved Pit toilet	No toilet
Adama	4.5	4.3	15	48	14.8	13.4
Addis-Ababa	9.2	5.7	9.9	41.1	19.8	14.3
Adigrat	7.5	9.7	10.3	14.5	12.4	45.6
Adwa	6.1	14.2	5	13.3	14.7	46.7
Arba-Minch	2.1	1.3	30.9	44.1	5.7	16
Asossa	1.4	0.2	31.1	48.7	3.8	14.5
Hawassa	2.6	3	11.6	62.5	14.4	6
Axum	6.7	13.5	9.8	17.8	9.7	42.5
Bahir-Dar	5	8.6	7.1	34.2	9.4	35
Bishoftu	4.7	2.8	19.4	52.4	10.6	11
Debre-Markos	1	0.3	29.9	48.6	2.4	17.7
Dessie	4	5.7	15	41.6	14.3	19.3
Dilla	2.2	1.1	35.6	39.6	5.9	15.6
Dire-Dawa	5	5.6	16.5	38.8	14.2	19.9
Gambela	3	1.1	11.6	29.7	8.2	46.5
Gondar	2.4	3.7	11.3	40.6	8.8	33.2
Harar	2.6	2.9	17	42.4	14.8	20.4
Jigjiga	3.1	5.1	8.5	37.8	21.8	23.6
Jimma	0.4	0.2	44.2	35.5	2	17.9
Kombolcha	3.5	2.2	15.8	44	11.5	23
Mekelle	8.8	20.6	4.1	16	12.8	37.8
Nekemte	1.4	0.4	29.2	3.4	5.1	7.9
Semera	-	-	-	-	-	-
Shashamane	1.3	2.2	19.9	44.3	8.9	23.5
Shire Endaselassie	4.8	8.9	11.1	36.9	14.5	23.7
Wollaita-Sodo	2.4	2	27.4	48.5	5.5	14.2
Hosanna	1.2	1.3	29.4	51.1	5.6	11.4
Total	96.9	126.6	460.8	975.4	271.6	600.6
Average%	3.7	4.9	17.7	37.5	10.4	23.1

Source: CSA, 2007

APPENDIX 4.8: PERCENTAGE DISTRIBUTION OF HOUSING FACILITIES – 2007

City	Kitchen				Source of Water				Source of Light			
	Traditional Inside	Traditional Outside	Modern Inside	Modern Outside	No. Kitchen.	Meter Private	Meter Shared	other	Meter Private	Meter Shared	Private Generator	No Electricity
Adama	5.4	69.5	3.4	2.4	19.4	20.2	77.9	0.1	26.3	69.4	0.6	3.7
Addis-Ababa	6.6	64.2	6.5	2.6	20.1	31.7	66	2.3	46.1	51.4	0.6	1.9
Adigrat	8.9	63	2.9	2.3	22.7	26.2	67.5	6.3	32.5	60.8	0.6	6.3
Adwa	19.4	42.8	3.5	2.5	31.7	30.8	68.8	0.5	34.2	62.3	0.6	3
Arba-Minch	3.9	67.5	2.2	3.6	22.8	30.4	69.3	0.3	26.7	65.4	2.9	5.5
Asossa	5.7	74.2	1.9	1.2	17.1	5.7	59.4	34.9	18.5	65.1	0.2	17.1
Hawassa	5.1	75.8	2.4	3.8	13	21.4	77.5	1.1	25.7	71.9	0.3	1.7
Axum	12.1	59.6	1.8	1.2	25.4	23.5	65.4	11.1	40.4	53	1	5.6
Bahir-Dar	5.5	47.2	1.4	1.7	44.2	19.6	70.7	9.7	19.9	67.9	1.1	11.2
Bishoftu	4.8	70.1	4.3	3.4	17.4	33.3	66.2	0.5	36.5	61	0.2	2.2
Debre Markos	4.4	71.2	1.1	0.7	22.5	23.5	56.3	20.2	28.3	59.3	0.5	11.9
Dessie	7.1	78.8	1.6	1.8	10.6	28.3	66.2	5.5	39.6	52.3	0.3	7.8
Dilla	11.7	60.4	2.8	3.5	21.7	22.9	72.5	0.1	31.6	59.2	0.4	8.8
Dire-Dawa	7.2	54	2.6	2.4	33.7	18.9	80.5	0.6	34.8	58.3	0.7	6.2
Gambela	4.5	25.8	0.6	0.6	67.1	8.1	75	16.9	23.1	58.6	1.1	17.3
Gondar	4.5	53	1.4	0.9	40.1	19.4	65.6	15	23.8	55.5	0.5	20.2
Harar	4.3	64.3	1.7	1.9	27.8	20.1	72.2	7.7	34.6	60.5	0.5	4
Jigjiga	8.8	52	2.6	1.9	34.7	13.2	77.6	9.2	25.4	52.5	2	20.1
Jimma	10.1	64.9	1.4	1.8	21.8	6.3	43	5.1	30.9	41.1	0.5	27.5
Kombolcha	4.8	74.1	2.2	2.4	16.5	25.3	68	6.6	30.6	60.2	0.7	8.5
Mekelle	13.9	45.1	8.4	4.1	28.4	23.4	72.2	4.5	29	63.4	0.4	7.2
Nekemte	5.3	78	1.5	2.4	12.7	17.8	67.4	14.7	31.7	62.3	0.6	5.5
Semera	-	-	-	-	-	-	-	-	-	-	-	-
Shashamane	5.2	71.5	1.6	2.2	19.5	24.6	74.4	1.1	32.5	60.4	1.4	5.8
Shire	10.9	45.1	1.8	0.5	41.8	24.3	66.7	8.9	32.5	63.4	0.6	3.5
Wollaita-	11	64.7	2.2	6.1	16	14.1	55.2	30.7	27.7	61.8	0.4	10
Hosanna	11.7	68	1.9	4.9	13.6	18.1	68.9	13.1	29.5	58	0.4	12.1
Total	188.9	1604.8	65.7	62.8	662.3	551.1	1770.4	226.7	760.8	1555	19.1	234.6
Average%	7.3	61.7	2.5	2.4	25.5	21.2	68.1	8.7	29.3	59.8	0.7	9

Source: CSA, 2007

APPENDIX4.9: PERCENTAGE DISTRIBUTION OF TYPE OF BATHING FACILITY - 2007

City	No bathing	Bathing Tub Private	Bathing Tub Shared	Shower Private	Shower Shared
Adama	81.1	1.8	1.7	6.7	4.8
Addis-Ababa	81.2	4.6	1.1	7.8	3.3
Adigrat	82.4	1.2	1.4	5.4	6.2
Adwa	78.2	2.4	3.5	5.6	7.9
Arba-Minch	78.9	0.6	1.1	5.1	5
Asossa	78.5	1.2	0.7	2.6	2.1
Hawassa	49.7	2	3.3	6	9.6
Axum	83.6	1.2	2.2	5.2	5.8
Bahir-Dar	85.6	1.4	1.4	5.5	4.7
Bishoftu	80.9	3.2	1.2	6	3.4
Debre-Markos	94.5	0.6	0.6	1.7	0.9
Dessie	88.2	1.6	0.7	4.3	1.9
Dilla	70.3	2.2	1.8	5.2	3.1
Dire-Dawa	86.9	1.7	1	4.8	3.3
Gambela	86.3	1.4	0.8	2.9	2.4
Gondar	90.8	0.9	0.8	3.4	3.2
Harar	86.1	1.8	1.3	3.2	1.8
Jigjiga	84.9	2.8	2.4	2.1	2.6
Jimma	92.5	0.4	0.3	1.4	0.9
Kombolcha	72.1	1.1	2.6	7.7	8.8
Mekelle	72.1	2.6	3.4	9.1	10.8
Nekemte	84.7	1.8	0.7	3.2	2.2
Semera	-	-	-	-	-
Shashamane	76.6	2.2	1.6	3.1	2.9
Shire Endasselassie	86.5	1.2	1.4	4.2	5.3
Wollaita-Sodo	60.4	1.6	2.4	4.5	6.3
Hosanna	80.8	1.7	2.3	3	3
Total	2093.8	43.5	41.7	119.7	112.2
Average%	80.5	1.7	1.6	4.6	4.3

Source: CSA, 2007

APPENDIX4.10: PERCENTAGE DISTRIBUTION OF FACILITIES - 2011

City	Toilet				Kitchen					Source of Water		
	Flush Private	Pit latrine	Bucket / container	No toilet	Traditional inside main house	Traditional outside main House	Modern Inside Main house	Modern Outside Main house	No kitchen	Meter private	Meter shared	Other
Mekelle	60.23	34.45	0	5.32	9.18	51.2	7.56	7.03	25.03	42.06	57.94	0
Gondar	5.34	68.94	0.27	24.91	3.45	52.33	2.28	0.19	41.75	22.47	60.8	16.73
Dessie	4.11	87.93	0	7.96	3.27	82.33	0.72	1.42	12.26	34.11	65.34	0.55
Bahir Dar	7.98	85.61	0	5.63	1.4	63.68	1.1	0.44	33.37	26.11	73.58	0.31
Adama	11.55	84.85	0.23	3.37	2.84	69.83	4.81	3.69	18.83	31.04	68.96	0
Jima	5.36	90.16	0.2	3.83	5.6	72.99	0.63	1.53	19.25	27.01	67.26	5.71
Bishoftu	11.34	83.67	0	4.18	5.45	67.71	4.84	7.24	14.76	43.71	56	0.26
Jigjiga	40.3	49.59	0	9.89	3.81	64.94	0	0.48	30.76	8.77	90.66	0.57
Asossa	0.31	97.58	0	1.91	3.33	81.48	0	0	15.18	14.65	84.28	1.07
Hawassa	12.89	87.11	0	0	9.7	68.24	2.85	5.21	14	27.87	71.62	0.52
Gambela	3.31	62.23	0.18	34.14	8.66	22.42	0.79	0.55	67.59	17.59	78.77	3.63
Harar	1.29	87.04	0	10.79	10.44	56.86	0	0.98	31.71	24.93	73.2	1.89
Addis Ababa	26.41	68.28	0.4	3.89	6.45	60.4	6.37	4.59	22.16	38.4	60.99	0.61
Dire Dawa	6.62	86.54	0	6.63	3.41	53.26	0.47	1.19	41.67	21.34	77.46	1.2
Total	197.04	1011.75	1.28	122.45	76.99	786.19	32.42	34.54	388.32	380.06	986.86	33.05
Average%	14.1	72.3	0.09	8.7	5.5	56.2	2.3	2.5	27.7	27.1	70.49	2.4

Source: CSA, 2011

APPENDIX 4.11: PERCENTAGE DISTRIBUTION OF FACILITIES - 2011

City	Source Light				Bathing Facility				
	Meter private	Meter shared	Private generator	No electricity.	No bath	Bath tab private	Bath tab shared	Shower private	Shower shared
Mekelle	47.14	52.22	0.21	0.43	54.89	2.9	0.74	20.48	18.12
Gondar	25.89	47.16	15.02	11.88	84.67	0.66	0.19	7.35	6.45
Dessie	46.87	50.92	0.24	1.97	80.28	0.26	0	10.87	3.14
Bahir Dar	28.53	69.87	0	1.61	77.6	0.2	0	7.22	9.88
Adama	34.89	63.95	0	1.16	77.25	1.35	0.23	10.45	8.57
Jima	35.7	56.3	0.21	7.94	67.06	1.81	0	11.58	5.48
Bishoftu	50.63	48.78	0.3	0.2	81.44	0	0.52	10.32	2.92
Jigjiga	27.15	59.03	0	13.82	74.29	0.27	1.13	8.9	11.23
Asossa	35	62.05	0.48	2.47	72.79	1.21	0.45	2.85	5.11
Hawassa	27.6	71.76	0	0.64	43.9	0.65	0.44	8.32	13.86
Gambela	31.91	52.24	2.48	13.38	67.05	0	0.48	5.01	1.78
Harar	52.77	46.11	0	1.12	85.51	0.26	0.28	4.47	0.91
Addis Ababa	57.97	40.67	0.07	1.25	72.27	4.74	1.15	13.08	4.96
Dire Dawa	38.89	56.82	0.29	4	87.86	0	0	4.65	4.33
Total	540.94	777.88	19.3	61.87	1026.86	14.31	5.61	125.55	96.74
Average%	38.6	55.6	1.4	4.4	73.3	1.02	0.4	9	6.9

Source: CSA, 2011

Chapter 6: Urban Planning and Land Management

APPENDIX 6.1 CURRENTLY ACTIVE PLANS BY TYPE

No	Types of Currently Active Plans		
	Structure Plan	Integrated Development Plan	Development Plan
1	Addis Ababa	Adigrat	Semera
2	Adigrat	Adwa	Shire Endaselassie
3	Arba Minch	Assosa	
4	Bishoftu	Axum	
5	Debre Markos	Bahir Dar	
6	Dessie	Dire Dawa	
7	Dilla	Harar	
8	Gambela	Hawassa	
9	Gonder		
10	Jigjiga		
11	Jima		
12	Kombolcha		
13	Nekemte		
14	Shashamane		
15	Hossana		
16	Mekelle		
17	Wollaita Sodo		

Source: SECR Field Survey, 2014

APPENDIX 6.2 PLAN PREPARATION AND APPROVAL

No	City/Town	Date of Plan Preparation	Date of Plan Approval	Plan Approval Body
1	Adama	2007	2008	Region
2	Addis Ababa	2012	2013	City
3	Adigrat	1994	1996	City
4	Adwa	2006	2006	City
5	Arba Minch	2008	2008	Region
6	Assosa	2008	2010	Region
7	Axum	2011	2011	Region
8	Bahir Dar	2006	2006	City
9	Bishoftu	2000	2001	City
10	D/Markos	2003	2004	City
11	Dessie	2009	2011	City
12	Dilla	2006	2006	Region
13	Dire Dawa	2006	2007	City
14	Gambela	1997	1997	Federal
15	Gonder	2008	2008	City
16	Harar	2000	2000	Region
17	Hawassa	2002	2003	City
18	Hossana	2006	2006	City
19	Jigjiga	1999	2000	City
20	Jimma	2002	2004	City
21	Kombolcha	1996	1996	City
22	Mekelle	2003	2003	City
23	Nekemte	1999	1999	City
24	Semera	2003	2004	Region
25	Shashamane	2008	2009	City
26	Shire Endaselassie	2002	2006	City
27	Wollaita Sodo	1998	1998	RUPI

Source: SECR Field Survey, 2014



Outdated Plans



Long gaps between Plan Preparation and Approval Periods

APPENDIX 6.3 CITIES EXPANSION, 2010-2013-IN HECTARES(HA)

City/Town	Area of Formal Expansion in 2010	Area of Informal Expansion in 2010	Total Expansion Area in 2010	Area of Formal Expansion in 2011	Area of Informal Expansion in 2011	Total Expansion Area in 2011	Area of Formal Expansion in 2012	Area of Informal Expansion in 2012	Total Expansion Area in 2012	Area of Formal Expansion in 2013	Area of Informal Expansion in 2013	Total Expansion Area in 2013
Wollaita Sodo	3204.4		3204.4	3204.4		3204.4	1.34		1.34	24.6		24.6
Dilla				1.87		1.87	3.6		3.6	6		6
Addis Ababa												
Dire Dawa	50	265	315	50	265	315	280		280	130		130
Jimma											6238	265
Harar	524.12	158	682.12	528.9	162	690.9	533.1	166	699.1	540	170	710
Kombolcha				1558		1558				48		48
Hawassa												
Axum	4.08		4.08	4.92	0.31	5.05	2.73		2.73	3.6	0.11	3.6
Semera												
Dessie	38.8	2.1	40.9	2.9	4.8	7.7	5.6	24.2	29.8	1.23	6.5	7.7
Bahir Dar				24.43			109.72			171	5.5	176.5
Adigrat				8.3		8.3	19.5		19.5	16		16
Adama	813.1	1593.68	2406.78	780.58	1366.01	2146.59	650.48	1138.34	1788.82	60	758.89	818.9
Nekemte				3380		3380	5380		5380	5380	73.45	5453.5
Adwa				17.93		17.93	17.2		17.2	40.15		40.2
Arba Minch	205.23		205.23	125.59		125.59	46.12		46.12	71.32	72.18	3490.3
Assosa							3	1.5	4.5	5		5
Mekelle	19653		19653	19.68		19.68	247.27		247.27	350.21		350.2
Shashamane				8117		8117						
Shire Endaselassie	0.65		0.65	9.93		9.93	2.85		2.85	3.92		3.9
D/Markos	8.12		8.12	6.67		6.67	6.82		6.82	28.12		28.1
Gambela												
Hossana		24.85	24.85		12.25	12.25	25.72	2.32	28.04	11.92	1.59	13.5
Bishoftu	15.05	0.32	15.37	31.44	0.18	31.62	39.42	6.11	45.54	50.1	3.7	53.8
Jigjiga										8960.52		
Gonder										126	30	156

Source: SECR Field Survey, 201

Appendix 6.4 Land Use Classifications Per capita

S. N	City/Town	Residence (m ² /person)	Commercial (m ² /person)	Industry (m ² /person)	Green (m ² /person)	Infrastructure (m ² /person)
1	Addis Ababa	40	0.36	6	17	28
2	Adigrat	67	0.68	12	16	18.6
3	Adwa	150	13.4	29	13	74.2
4	Arba Minch	95	28	0.004	-	114
5	Assosa	119	20	16	-	65
6	Axum	56	0.9	0.9	0.7	55
7	Bahir Dar	69	18.6	17	41	65
8	Bishoftu	383.2	16	104	17-	194
9	Debre Markos	342	70	28	140	61
10	Dessie	93.6	11	27	424	133
11	Dilla	68.9	11	11.8	0.7	82.2
12	Gambela	31	0.3	0.4	-	11.3
13	Gonder	110	0.6	0.5	247	56.2
14	Harar	91.33	12	12.6	10.73	38
15	Hawassa	25	0.5	0.9	0.7	35.5
16	Hossana	102.9	0.8	0.06	59.98	31.14
17	Jigjiga	95.5	0.2	0.2	0.03	175
18	Jimma	322	12	10.2	80.55	88.3
19	Kombolcha	59.54	0.4	66.6	0.6	55.41
20	Mekelle	-	13.1	41.3	258	10.995
21	Shashamane	330.3	100.09	100.09	189.6	250.8
22	Shire Endasellasse	59.6	0.8	22	52	48
Average		129	15	18	90	77

Source: SECR Field Survey, 2014

APPENDIX 6.5 MAXIMUM AND MINIMUM PLOT SIZE FOR RESIDENTIAL USE FOR CITIES

S N	City/Town	Min plot	Max plot	S N	City/Town	Min plot	Max plot
1	Adama	105	200	14	Gonder	150	200
2	Adigrat	100	500	15	Harar	75	500
3	Adwa	100	250	16	Hawassa	105	500
4	Arba Minch	200	500	17	Hossana	200	500
5	Assosa	200	500	18	Jigjiga	160	180
6	Axum	100	300	19	Jimma	140	500
7	Bahir Dar	105	500	20	Kombolcha	150	500
8	Bishoftu	105	500	21	Mekelle	100	500
9	D/Markos	110	500	22	Nekemte	160	200
10	Dessie	171	500	23	Semera	300	600
11	Dilla	200	800	24	Shashamane	140	500
12	Dire Dawa	160	500	25	Shire Endasellasse	100	500
13	Gambela	200	500	26	Wollaita Sodo	200	

Source: SECR Survey Analysis, 2015

APPENDIX 6.6 MAXIMUM AND MINIMUM PLOT SIZE FOR COMMERCIAL USE FOR CITIES

S N	City/Town	Min plot	Max plot	S N	City/Town	Min plot	Max plot
1	Adama	200	1000	11	Dire Dawa	500	3000
2	Adigrat	50	500	12	Gonder	1400	3880
3	Adwa	250	1230	13	Harar	250	7000
4	Assosa	200	5000	14	Hawassa	350	2000
5	Axum	50	2000	15	Hossana	200	500
6	Bahir Dar	300	5000	16	Jigjiga	200	400
7	Bishoftu	350	900	17	Jimma	300	-
8	Debre Markos	108	1000	18	Kombolcha	300	500
9	Dessie	300	500	19	Nekemte	33	1500
10	Dilla	70	1000	20	Semera	300	600

Source: SECR Field Survey, 2014

APPENDIX 6.7 MAXIMUM AND MINIMUM PLOT SIZE FOR INSTITUTIONAL USE FOR CITIES

SN	City/Town	Min plot	Max plot	S N	City/Town	Min plot	Max plot
1	Adama	1500	2000	8	Dire Dawa	3000	350000
2	Axum	500	5000	9	Gonder	3300	7000
3	Dilla	700	200000	10	Harar	500	1200
4	Dessie	300	2000	11	Hawassa	800	2500
5	Debre Markos	1000	5000	12	Hossana	20000	25000
6	Bahir Dar	500	2000	13	Kombolcha	6000	15000
7	Bishoftu	1500	7000	14	Jimma	260	30500

Source: SECR Field Survey, 2014

APPENDIX 6.8 MAXIMUM AND THE MINIMUM PLOT SIZE FOR INDUSTRIAL USE FOR CITIES

SN	City/Town	Min plot	Max plot	SN	City/Town	Min plot	Max plot
1	Adama	5000	20000	9	Dire Dawa	2000	30000
2	Adwa	900	6000	10	Gonder	500	10000
3	Axum	1200	15000	11	Harar	750	4500
4	Bahir Dar	500	5000	12	Hawassa	3000	5000
5	Bishoftu	8000	10000	13	Hossana	3000	10000
6	Debre Markos	1000	10000	14	Kombolcha	5000	10000
7	Dessie	300	500	15	Jimma	2180	36000
8	Dilla	1500	10000				

Source: SECR Field Survey, 2014

APPENDIX 6.9 INFORMAL SETTLEMENT AREA AND PROPORTION

No	Cities	Informal Settlement Area(Ha)	Proportion (%)
1	Bahir Dar	88.25	1.72
2	Hawassa	279.75	5.52
3	Mekelle	734.42	3.5
4	Gambela	0.46	2.45
5	Adigrat	4.35	4.74
6	Adwa	133	5.7
7	Axum	149	6.7
8	Dessie	1548	9
9	Dilla	7.3	5.2
10	Harar	246	8
11	Shire Endaselassie	496	3.5
12	Kombolcha	161	1.3
13	Hosanna	341	3.8
14	Semera	0.81	2.94
15	Dire Dawa	501	5.53
16	Arba Minch	100	1.8
17	Assosa	22.14	1.46
18	Bishoftu	2	5.1
19	Debre Markos	13.53	0.22
20	Gonder	46	0.15
21	Jigjiga	301.8	14.4
22	Jima	32.28	1.17
23	Shashamane	1.74	0.22
24	Wollaita Sodo	11.45	0.66
25	Adama	488.4	11.6

Source: SECR Field Survey, 2014

Chapter 7: Governance and Finance

APPENDIX 7.1 VOTER TURNOUT IN 27 CITIES

City	Population (2013)	Eligible voter age (40%)	# of registered voters	# of registered Voters in poll	% of registered voters turn out rate	% of eligible voters turn out rate
Gondar	264,964	105,986	87,933	76,286	86.75	71.98
Jimma	155,434	62,174	61,817	59,977	97.02	96.47
Harar	112,781	45,112	35,580	34,506	96.98	76.49
Assosa	40,686	16,274	12,682	8,195	64.62	50.36
Debre Markos	79,980	31,992	24,099	21,209	88.01	66.29
Arba Minch	107,542	43,017	27,382	20,781	75.89	48.31
Adama	282,974	113,190	117,714	112,038	95.18	98.98
Adwa	53,763	21,505	22,706	22,294	98.19	103.67
Wollaita Sodo	109,225	43,690	29,359	26,349	89.75	60.31
Adigrat	76,447	30,579	29,301	28,801	98.29	94.19
Semera*	3,971	1,588	NA	NA	NA	NA
Mekelle	286,505	114,602	120,387	111,826	92.89	97.58
Addis Ababa	3,103,673	1,241,469	1,063,852	767,567	72.15	61.83
Hossana	100,528	40,211	21,659	20,369	94.04	50.66
Dilla	84,952	33,981	19,232	17,229	89.59	50.70
Bishoftu	128,408	51,363	47,483	47,059	99.11	91.62
Nekemte	96,657	38,663	36,000	NA	N/A	N/A
Shire Endaselassie	62,769	25,108	26,469	25,275	95.49	100.67
Dessie	153,691	61,476	65,219	51,157	78.44	83.21
Gambela	64,499	25,800	NA	N/A	NA	NA
Kombolcha	75,078	30,031	45,749	39,583	86.52	131.81
Shashamane	129,084	51,634	53,465	53,379	99.84	103.38
Dire Dawa	269,134	107,654	151,306	139,216	92.01	129.32
Bahir Dar	198,909	79,564	155,479	74,176	47.71	93.23
Axum	59,269	23,708	NA	NA	N/A	NA
Hawassa	225,686	90,274	119,436	106,645	89.29	118.13
Jigjiga	152,674	61,070	69,854	61,497	88.04	100.70

Source: SECR Field Survey, 2014

Appendix 7.2 Voter Registrations and Turnout in 15 SECR Cities Grouped as Medium and Large (in %)

City	% of Electorate registration	% of Registered voters turnout
Arba Minch	48.31	75.89
Hossana	50.66	94.04
Dilla	50.7	89.59
Wollaita Sodo	60.31	89.75
Debre Markos	66.29	88.01
Gondar	71.98	86.75
Harar	76.49	96.98
Dessie	83.21	78.44
Bishoftu	91.62	99.11
Adigrat	94.19	98.29
Jimma	96.47	97.02
Shire	100.67	95.49
Shashemane	103.38	99.84
Adwa	103.67	98.19
Kombolcha	131.81	86.52

Source: Computed based on Annex 7.1

APPENDIX D: INDIVIDUALS AND TEAMS THAT PARTICIPATED IN DIFFERENT CAPACITIES DURING THE SECR PROCESS

Members of the Project Steering Committee	Ato Dinkineh Teferra (World Bank Country Office), Dr. Samson Kassahun (ECSU), Ato Solomon Endrias later replaced by Ato Akale Kifle (GIZ), Ato Sisay Dejene (ECA) and Ato Yitbarek Mengiste (Chairperson, MUDHCo), and several secretaries assigned by MUDHCo
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Contributors to the Various Chapters	
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Chapter 3: Infrastructure, Services and the Environment	Alemayehu Agizew, Apollo Makumbi, Tadesse Gebreselassie and Tilahun Fekade
Chapter 4: Housing Provision	Tesfaye Teshome (Assistant Prof.) and Tilahun Fekade
Chapter 5: Inclusion, Poverty and Safety	Apollo Makumbi, Molla Ayneabeba, Shewaye Tesfaye and Tilahun Fekade
Chapter 6: Urban Planning and Land Management	Mengistu Mekonnen, Mulugeta Worku (PhD), Yeshitila Agonafir and Tilahun Fekade
Chapter 7: Urban Governance and Finance	Abayichew Amonge, Efrem Amdework, Tadesse Gebreselassie, Taffa Mosisa and Tilahun Fekade
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