



BASELINE SURVEY ON MAJOR URBAN INDICATORS UNDER INTEGRATED URBAN DATABASE PROJECT (IUDP)

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Addis Ababa

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List of Abbreviations

AAHDPO	Addis Ababa Housing Development Project Office
CBDS	Capacity Building for Decentralized Service Delivery
E.C	Ethiopian Calendar
ETB	Ethiopian Birr (Currency)
G.C.	Gregorian calendar
GOE	Government of Ethiopia
GTZ	German Technical Cooperation Agency
ha	hectares
HDPO	Housing Development Project Office
HRD	Human Resource Development
ICT	Information Communications technology
IHDP	Integrated Housing Development Program
MDG	Millennium Development Goal
MoFED	Ministry of Finance and Economic Development
MSE	Micro and Small Enterprises
MUDC	Ministry of Urban Development and Construction
MWUD	Ministry of Works and Urban Development
NGO	Non-governmental Organizations
PASDEP	Plan for Accelerated and Sustained Development to End Poverty
S.No	Serial Number
SNNP	Southern Nations, Nationalities and Peoples
STD	Small Towns Development Program
TVET	Technical and Vocational Education and Training
UDF	Urban Development Fund
UDP	Urban Development Program/Package
UGGP	Urban Good Governance Program/Package
ULGDP	Urban Local Government Development Project
UN	United Nations

Chapter One: Introduction

Background

Any development endeavor needs reliable and timely statistical data. Having accurate statistical data is indispensable for development planning, monitoring and evaluation purpose. In fact, it has been suggested that those economies with full statistical information about the economy have a comparative advantage in pursuing their development than others not having this. Cognizant of this, the government of Ethiopia has shown a remarkable commitment to establish a national urban database with the aim of setting up a structured flow of data and information in its development strategy by giving priority to develop an efficient and sustainable statistical system in the country. As a continuation of this effort the current development strategy GTP envisage the establishment of reliable and uniform vital statistics and identification system of citizens will also be undertaken during the plan period. In addition to that the strategy also focuses on improving data quality in the national statistical system (GTP, 2011).

To begin with accurate and timely statistical data is required for evaluation and monitoring of implementation progress of the GTP in general. But more specifically statistical information is required by central and local governments, public sector institutions, private sector institutions, research and training organizations, donors and international organizations, civil society organizations, the press and individuals.

Ministry of Urban Development and Construction (MUDC) which has been entrusted with the responsibility of guiding and monitoring the offices organized in the urban development and construction industry according to the new institutional arrangement also need accurate and timely statistical data to effectively guide, coordinate and monitor the subsequent development in the two sectors. More specially the ministry need accurate statistical information on the two sectors; a) to assess policy and program options aimed at improving the well being of the urban population e.g. constructing houses and roads, providing clean water, building schools, providing health facilities, etc., b) to monitor and evaluate development programs and to measure their impact, c) to monitor sectoral contribution and its trend over time, d) for governance and administration such as demarcating constituencies for electoral purposes, deciding on grants allocated districts, etc and e) to

identify vulnerable groups in society (the poor, the disabled, etc.) for whom it designs special programs usually multi-sectoral in nature (e.g. poverty reduction). One of the ministry's main objectives, as put on its five year strategy document, is developing monitoring and evaluations software and databases along with creating and using websites (Urban Sector Five Years Growth and Transformation Plan (2010/11-2014/15)).

With this in mind the Ministry of Urban Development and Construction (MUDC) launches an Integrated Urban Database Project (IUDP) with the objective of developing urban database for selected urban areas that helps the ministry among others to monitor and evaluate its development programs.

The purpose of this study is, therefore, to collect a time series data on the four major programs of the MUDC. These programs are; Integrated Housing Development Program, MSE Development, Urban infrastructure Development Program, and Urban Good Governance Program in selected urban areas of Ethiopia.

Objectives of the study

The overall objective of the study is to collect data on urban and construction industry development sectors to establish baseline for the implementation of Integrated Urban Database Project (IUDP). To this end the assignment is composed of two major objectives.

1. To generate sufficient quantitative and qualitative information on the urban sector development program, sub programs and project (like Micro and small scale enterprises development program, integrated housing development programs, infrastructure development programs, Urban good governance program, and construction sector related development program) carried out over the last six years by the ministry
2. To produce detailed interpretation of collected data and information and draw recommendations with clearly defined strategies and approaches required in improving urban sector development activities

Scope of the survey

As has been mentioned in several parts of this report, this study is meant to collect baseline data and analyze the achievements made on the following five important programs of Ministry of Urban Development and Construction (MUDC): Integrated Housing Development Program, MSE

Development, Urban Infrastructure Development Program, and Urban Good Governance Program. Thus the baseline data will be collected on the output or results of these five major programs in the sampled 156 big urban centers located throughout Ethiopia. And a six years time series data starting from 1998 E.C to 2003 E.C are collected and analyzed.

Research Methodology

It is clear that quality Integrated Urban Database will be established if appropriate and reliable methodology is pursued in all parts of the study. Moreover, it is also understandable that conducting a high quality data demands minimizing errors in all levels of the survey activities: from questionnaire design, pilot testing and field staff training to data verification, entry, and cleaning. Particularly, due to the size of such kind of survey, it calls an excellent field organization and management.

The baseline data for Integrated Urban Database is collected at city, regional and Federal levels on the selected five major urban development programs for the last six years. To achieve this, both qualitative and quantitative methods have been employed. The data came from both primary and secondary sources. To this end, data on the selected urban development program for the last six years is collected at city and regional level. And, secondary source is still the main source of this study.

In addition to the secondary data key informant interview with experts at each level of administration (Federal, Regional and City) are conducted focusing on the major achievements of programs and sub-programs of the selected five major urban development programs. In addition to this, in-depth interviews with key informants and experts have also taken place about the challenges encountered while implementing these programs across the nation.

Sampling frame and sampling techniques

The sampling frame for the collection of baseline data is all urban areas in Ethiopia. According to the census result, currently there are more than 970 urban areas found in the country. Out of these cities/ towns about 91.2% of them can be categorized as small cities (population size less than 20, 000). Due to their size it would be highly unlikely to find all the major urban development programs let alone a six year time series data in many of these urban centers. Hence, to be more precise all

urban areas with more than 15,000 populations have been fully considered. Besides, Zonal capitals are also included in the survey regardless of their population size. In addition to that, a trial is also made to keep the proportionality of each region for relatively better representations (depending on the share of the region out of the total number of urban centers in the nation). As a result, some small towns with populations less than 15,000 have been included in the survey. In other word, the following three criteria are used to select urban areas covered in the survey.

- 1) All big cities having a population size of greater than 15,000
- 2) Major zonal/woreda capital cities and
- 3) Proportionality among regions.

Accordingly, the final sample size used for this study includes all big cities with population size equal or greater than 15,000 according to CSA census 2007. By this criterion, a total of 128 cities were included in the sample. All big cities are included because there is a high probability that the four urban development programs, which the current survey focuses, would be implemented in the past six or five years in those cities. In addition to these big cities, 28 additional cities that fulfill the criteria two and three (zonal/Woreda capital that do not fulfill the first criteria and proportionality among regions) were also included. Therefore, a total of 156 (128+28) urban areas have been covered in the baseline survey. The distribution of these 156 urban areas across region is shown in the following table.

Table 1.1 : Distribution of sampled urban areas across regions and city administrations

	Region	Towns	# of Towns selected based on Cri. 1	# of towns selected based on Cri 2 & 3	Total Number of sampled urban areas
1	Tigray	58	12	-	12
2	Afar	47	1	7	8
3	Amhara	204	30	-	30
4	Oromiya	366	43	8	51
5	Somali	82	5	4	9
6	B/G	23	1	2	3
7	SNNP	175	23	4	27
8	Gambela	12	1	3	4
9	Harari	1	1	-	1
10	AA	1	10	-	10
11	DD	1	1	-	1
	Total	970	128	28 = (19+9)	156

The number of sampled towns fell from 156 to 131 due to the following reasons:

1. Addis Ababa was initially treated as 10 towns by considering each sub city as one town. However, the lack of data at sub-city level forced us to treat the city as one.
2. There were two localities in Somali regional State for which data could not be found(like Liban and Afdera areas)
3. There were also some towns whose data was aggregated with others or totally unavailable (like Tis Abay town whose data was mixed with that of Bahirdar.)

Data Collection Techniques

Preparation and Field organization of the Survey

A data sheets/formats with all indicators for each of the programs, sub-programs and project is prepared and attached to this report (see Annex). While preparing the data sheets due care is taken to include the five major programs of the MUDC. The data sheets/formats are approved by MUDC and a go ahead was given on this data collection material after repetitive consultations made with officials and experts at the ministry. After preparing the questionnaires, a thorough training has been conducted for two days for 33 enumerators (8 of whom were supervisors) on the data collection instrument. It was after this that a two other day long pilot survey was conducted in one Sub-City in Addis Ababa and three woredas in Oromia Special Zone. And, then the team was finally deployed to the Regions and towns.

Focused group discussions (FGD)

Focused Group Discussion is one of the tools used to elicit information and insights in response to carefully designed questions. The discussion also reveal common practice, strength and weakness, constraints and opportunities, community perceptions, and etc associated with urban sector activities and help to extract invaluable suggestion as to how to improve urban development activities.

Semi-structured open ended questions (each with sub questions or probes) are also used for the Focused Group Discussions (FGD). The focus groups of 6 to 10 participants from each town have discussed on the issues in the span of 90 minutes via experienced moderator. The group is composed of local officials that have direct relevance to urban development in their respective areas. Moreover, a maximum care is taken in selecting moderators for he/she has to speak local language to effectively moderate the stages.

Key informant interview (KII)

The research team undertook in-depth interviews with key informants. Short question guide is prepared by the research team to guide the questions to be forwarded to the interviewees. The key informants for this study are key government officials and experts at regional and city level in the selected urban areas. These key informants are asked their expert opinion about the current situation of urban sector development activities, any expected to provide suggestion that match the local context.

Compiling the qualitative data:

Since the data gathered through FGD and key informant interviews are unstructured thoughts and comments of many different individuals, field supervisors have prepared a short interview summary at the end of each session, reducing information into manageable themes, issues, and recommendations. Each summary provides information about the key informant's position, main points made, implications of these observations, and any insights or ideas the interviewer had during the interview. Care is also taken to identify and prioritize issues most important to the community, and this requires separating widely held attitudes, beliefs and perspectives from the opinions held by a few.

Direct observation

Field observation is useful to obtain timely information by observing the general environment which helps to generate insights and findings that can serve as a base for further analysis of the collected data, to give detailed interpretation of the information and to draw recommendation. On top of that this method is essential to complement collected data and is used to understand the context in which information is collected. Field visits were conducted on selected sites, in consultations and collaboration with the MUDC staffs.

Desk review

Desk review of relevant documents including strategic plan and programs of the ministry and IUDP documents at federal level, and the Regional Government urban sector development programs, policies, strategies, and development plans have been conducted. In addition to this the desk review also includes secondary data from Federal, Regional and District reports.

In addition to the collected data, different data sources from Central Statistics Agency, administrative records at the ministry and down the ladder, local surveys and studies done by various agencies on urban development such as Woreda/Cities benchmarking, capacity assessment etc have also been considered to some extent.

Finally, the questionnaires and data sheets were tested before the actual data collection started. The overall objective of the pretest is to improve the quality of the data to be collected. More specifically, the objectives of the pretest include: (i) identifying problems from interviewers (e.g. skip rule) and misunderstanding of concepts; (ii) identify the problems from respondents; (iii) ensure

accuracy and interpretability of the survey (i.e. clarity of the questionnaire); (iv) estimate the time needed to apply the questionnaires; (v) test for the additional information needed to support the survey instrument(s); and (vi) identify any other problems related with the survey instruments. Finally, the questionnaires were adapted to reflect the field conditions.

The pre-testing was followed by a two daylong session to discuss the experience and modify the questionnaires accordingly in consultation with MUDC.

Database Design, Data Verification, and Recoding

The database is designed by a professional hired for this purpose. This is done immediately after the production of the final questionnaires. The program developed has two advantages: (i) help to detect any inconsistencies while survey teams are in the field and (ii) expedite the data processing.

Data Entry and Cleaning

As described in the preceding section, the data entry is carried out by using the CSPro program. The “gold standard” for data entry -double entry procedure- is employed where the same questionnaire is fed to the database by two different clerks and then compared. The acceptable practice is to perform double entry at least for 20 per cent of the questionnaire. Accordingly, we adopted this approach in the study. On the other hand, data cleaning often comprises data checking and error detection; data validation; and error correction. For this assignment, the data cleaning steps include the following activities: error checking; error detection; data validation; data cleaning; data cleansing; data scrubbing; and error correction. CSPro is a very powerful tool to do all the above tasks efficiently and effectively. It has been indicated that it was possible to collect the data from 130 of the 156 planned towns due to the reasons mentioned under the “sampling frame” part, which brings the response rate to about 84 percent.

Method of Data analysis

In order to meet the general and specific objectives of the study both qualitative and quantitative methods of data analysis were employed. Information gathered from qualitative sources are summarized and presented in form of narratives and are triangulated with the quantitative findings and other data gathered from the MUDC.

The collected data are analyzed and detailed interpretations are provided. The analysis includes findings (the facts, for example, the numbers or percentages) presented using descriptive tools such as tables and graphs. In addition the report also contains conclusions, and lessons learned (their relevance for the future of other program). More specifically, the findings describe program results, and then compare the result to what was planned. The recommendations section clearly indicates what should be done by the decision makers in the coming periods. Attentions are also given to avoid vague, general and impractical recommendations.

Limitations of the Study

It is crystal clear that no such vast activities have been commenced to collect data on the urban development activities so far. The ministry embarked on such huge daring project believing that information/data is the most important component of policy making and evaluation. However, it is very unfortunate that the study team could not get all the relevant data as anticipated during the initial time. There are many reasons, some of which are very specific to few regions, for the problem of data encountered during the collection process. Some of them are discussed in the following list. These are:

1. There is no universal consensus among the urban administrating bodies on how to measure some variables. For instance, the way of measuring number of jobs created by MSEs follows different routes in different regions and cities/towns. There are some that measure the jobs created on a yearly basis, where the same people could be counted twice or more in different years. And, there are still others that count the same variable only once, regardless of the year.
2. Frequent management turnover towns face has disrupted the data flow across years. In some towns the team approached, there were even many officials who are new for the posts and could not give the data in a proper manner.
3. This study also clearly indicated that cities need to work much more in terms of recording and keeping data. It was observed that people prefer to give the data orally than handing the recorded ones as the later is mostly missing in their systems. Hence, this problem of recording the data was observed as one of the major problems in many cities and towns. The

problem is so visible in the sense that there are so many things accomplished in many towns that many people praise, but was difficult to get recorded data about the matters. The other is the problem of maintaining the recorded data, which needs to be tackled too.

However, though such difficult hurdles have been faced during the data collection process, the study teams have never reserved their efforts to get all the relevant data from the towns, regions and the MUDC. In this respect, the support extended from staffs of the ministry has been tremendous. Some staffs have been supporting the process even on the field during the data collection time. Besides, four full time employees of the consulting firm dedicated their time to fill the missing data by fax, email and etc. This has helped the process a lot and a remarkable job has been done in this regard. In addition to this, an unreserved trial has also been made by the study team to fill the gaps with some data obtained from the Ministerial office.

Organization of the Report

This report describes what has been accomplished under five major programs being undertaken by the MUDC for the last six years and for which database has been created; and it is divided into five chapters. The first chapter is an introductory one and it describes the general background of the study, its objectives and limitations. This is followed by the second one giving an overall review of the programs being undertaken by the ministry. It is under this section that readers get condensed objectives and targets the programs set out to achieve in the planning years. The third chapter is dedicated to the analysis and finding of the data collected from primary and secondary sources. This part, therefore, gives the background information on which the conclusion and recommendation base themselves, which is presented in the fourth chapter.

Chapter Two: Overview of the Programs

2.1. The Integrated Housing Development program (IHDP)

Introduction

The Urban Sector Millennium Development Goals Needs Assessment (MoFED, 2004) indicated that the urban population is growing by a more than 4 percent per annum. It is inevitable that this sharp growth in the urban population, although it started from a lower base (only around 16 percent of the total population lives in urban areas), poses a very great treat to the already undersupplied urban population, of which housing is one. The same report indicated that the nation needs 2,250,831 additional housing units between 2005 and 2015 in order to achieve the MDG, which entails the construction of about 225,000 housing units per annum. This coupled with the failure of the private sector to respond to clear danger has justified the intervention of the government in the sector.

These dreadful figures are among the factors which forced the Government of Ethiopia formulates a policy that focuses on the urban sector, the Urban Development Policy. The infamous Urban Development policy, which is the first of its kind in terms of directly focusing on this spatial unit, was formulated during this time. As a partial, and yet major response to this pressing problem, the Integrated Housing Development Program, which was launched by the Ethiopian government. It was first commenced in Addis Ababa in 2006 and then followed by other regions. The initial target was to build about 400 thousand houses across different regions including Addis Ababa and Dire Dawa on 1,686 hectares of land in four years time. The program is, in essence, an 'integrated' one in the sense that it encompasses different targets in it; among which are: reduction of slum dwelling, job creation, creating a fertile ground for technology transfer and capacity building of the construction sector and others.

The main objective of the program is to produce affordable low cost houses, with economic land use, so as to alleviate shortage of housing, and thereby create an extensive employment opportunity in the urban centers.

The specific goals of the program are:

- Avail 15.8 billion birr, out of which 767 billion is for the metropolitan Addis Ababa, for both the construction of houses and infrastructure.
- Construct about 400,000 housing units
- Create 200 thousand employment opportunities through the development of about 10 thousand small enterprises of various construction trades to ultimately achieve growth of income capacity
- Prepare and develop 1,686 ha of land and infrastructure for the these housing units,

- Build the design capacity of housing development agencies.
- Build the capacity contractors and small enterprises, as sub-contractors, that participate in the IHDP.
- Construct affordable houses by implementing the outcomes of research on alternative construction technology.
- Build capacity via of putting system in place for the supply and distribution construction materials.
- Build the capacity of housing development implementing agencies by means of human resource development
- Develop and put the systems of housing finance, transfer and administration in place.

When one evaluates the general performance of the program it can be easily seen that there are many observable and measurable achievements made so far. Some of these achievements include: the provision of dwelling units to the neediest parts of the population, especially to the women; the creation of job opportunities for the jobless people across the nation; enhancement of the capacity of local contractors and designers; reduction of slum dwelling and etc.

2.2 The Micro and Small Scale Enterprises (MSE) Development Program

Introduction

It is a plain fact that Ethiopia is among the least developed countries of the world. And, it is still obvious that unemployment is one of the manifestations of the poverty that prevailed in almost all poor nations. And, the sad story is that the rate of unemployment is very much pronounced in urban centers than in rural areas in such countries. It is very unfortunate that big urban centers like Addis Ababa and Dire Dawa, in Ethiopia, are among the urban centers contributing a lot to the unemployment stock of the nation. That is why the government of Ethiopia devised its MSE strategy that aims at reducing the unemployment in the urban centers. These MSEs are considered to be among the main tools to fight urban unemployment and poverty because they do not require huge capital for establishment and qualified skill to succeed. They are less skill (qualification) intensive and are considered to be the spring boards of future entrepreneurs.

For instance, as indicated in the last 5 year strategic plan period known as Plan for Accelerated and Sustained Development to End Poverty (PASDEP), the MSE strategy is formulated in order to address these and other national agenda, like enhancing knowledge transfer strengthening the urban-rural linkage and etc.

General Overview of the MSE Strategy

The Urban Development Package (2006) indicated that there are more than 1.2 million unemployed people during that time in the Ethiopian urban centers, which is expected to rise to more than 1.5 million by the year of 2011. This is one of the reasons as to why the Ethiopian government embarked on formulating the MSE program. It is the hope of the policy makers that some 80 percent of these people will get a permanent job and the balance will be employed as temporary ones. This is hoped to be achieved through providing different supports to the already identified 114 MSE types in the plan period, in the subsequent 5 years.

The Urban Development Package (2006) clearly indicated that it is this sector that is capable of creating more jobs per smaller investment, which one can raise as another reason to why the government is so enthusiastic about the sector. The MSE program identified the following four issues as main concerns of the MSE program. These are:

1. Creating 1.5 million jobs across the urban centers in the nation so that 80 of these unemployed people will get permanent jobs while the remaining will get temporary jobs.
2. Bringing accelerated development by linking the grass root economy with the bigger ones. That fills the missing link and reduces the inherent duality in the economy.
3. Promoting the growth of the MSEs and hence laying the base for the future industrial development through enhancing their entrepreneurial ability.
4. Promoting the Urban-Rural linkage and creating a sustainable market. System.

It is, therefore, to achieve these targets that the program proposed different policy instruments some of which are discussed below along with their specific activities. These are:

- Creating job opportunities for 1.5 million population in the plan years (5years)
- Preparing working premises for 819,477 operators:
- Availing credit amounting to ETB 5,186,544,522 for 1,201,579 operators
- Providing Business Management, Cooperative Management and Technical Trainings for 360,474 MSEs.
- Creating an international market linkage for 23,356 traditional weavers, food preparation/ “Baltina” operators, and improving the local market linkage for 687,904 MSEs.
- Arranging way sthrough which 841,105 MSEs can willfully form cooperatives.
- Supprting 360,474 MSEs to be registered as formal/permanent business entities and letting them know the rules and regulations.

- Supporting 340,948 MSEs to use advanced production equipments/machines through linking them to the producers of these materials and introducing new production mechanisms by adopting hand loom and power loom equipments from countries like India, Japan and South Korea.
- Establishing one-stop-services and building the capacity of others where there is no such activity.
- Re-organizing executive bodies in a way it suits the activities of the MSEs.

It is therefore, these supports are intended to be extended to the MSEs to ensure their sustainable growth. On top of these, there are some sectors (or 26 activities categorized in six sectors) which the policy clearly identified which will get attention and priority. These are:

1. Garment and clothing (which includes leather and leather products)
2. metal and woodworks
3. food preparation
4. construction
5. municipal services, and
6. urban agriculture

Although the policy identified these sectors as the major ones, it did not deny the fact that there exist some regional differences across the different urban centers which needs a tailored activities and supports.

2.3. Urban Good Governance Program (UGGP)

It has been repeatedly described that urban centers are engines of growth in many parts of the world. Developing nations are at the forefront to suffer from the absence of good governance. Ethiopia, as being one of the least developed countries of this world, started mainstreaming the issue of good governance in recent years. And, this program which is run by the MUDC has the main intent of introducing the concept of good governance in the urban centers of the nation.

This program is one of the major programs the ministry is undertaking and sets many goals to achieve. Some of these goals are: improving land development and management issues, improving the way infrastructures are provided and managed, improving the urban finance, improving public participation in urban centers, and improving the urban plan preparations.

2.3.1 Urban planning

As indicated in the last paragraph, one of the important sub-programs mentioned in this program document is the urban plan improvement sub program. This is planned to play a pivotal role in terms of leveraging and further expanding the achievements registered hitherto in the realm of urban planning. This sub-program appeared to be among the main sub-programs in the package because it is in this sub-program that one gets the important inputs for micro and small enterprises (MSEs) to be established as well as residential units to be constructed under the Integrated Housing Development, developmental activities that are accorded utmost emphasis in the PASDEP document and the urban and industrial development package.

The main objective of the urban Planning Improvement Sub-Program is to “ensure that the urban planning related mandates and responsibilities of the relevant federal and regional organs as well as urban administrations are clearly outlined and the requisite capacities for same are created, the participation of political leaders, residents, the private sector as well as community based organizations during the preparation and implementation of urban plans is institutionalized and urban planning processes are conducted in transparent, accountable and effective manner as well as urban development is sustainable and urban centers could effectively discharge their developmental roles.”

In addition the document also outlined the following specific objectives of the sub Program. The specific objectives of the urban planning sub-program are:

- To enhance the capacities of the relevant organs of the federal and regional governments, urban administrations and the private sector to prepare, implement, monitor and evaluate urban plans;
- To put in place legal frameworks that will clarify the roles and responsibilities of the different actors that take part in the overall urban planning process;
- To ensure that urban planning activities are undertaken in a transparent and accountable manner and on the basis of appropriate urban planning norms, standards and criteria;
- To ensure the broad-based participation of relevant actors in the overall urban planning process and their equitable share from the benefits of development;
- To ensure that urban plans will be consistent with national and regional urban development and policies, strategies, programs and projects;
- To create the necessary environment that would enable planned development of urban centers that should also serve as important service, trade and industrial centers;
- To enable urban centers play their developmental roles and the achievement of sustainable rural development by preparing a small town development program (STDP) that would involve, among

others, the preparation of basic plans for 600 small towns that would contribute to fostering their linkages with other urban centers as well as their rural hinterlands;

- To facilitate the conditions whereby both the federal and regional governments as well as urban administrations and the private sector shall develop adequate capacities to prepare and implement plans;
- To ensure efficiency in the delivery of urban planning services by promoting the involvement private consultants in urban planning;
- To ensure the efficiency and effectiveness of urban development endeavors by putting in place an integrated urban related information system to be supported by modern ICT; and finally,
- To facilitate the conditions whereby the country's urbanization process is properly guided and a strong linkage and complementary development is achieved among the country's urban centers that are within the different urban hierarchy.

This sub-program, in order to achieve its targets is equipped with different projects, which are listed as follows:

- i. Urban Planning Capacity Building Project
- ii. Urban-Related Information Systems Establishment Project
- iii. Small Towns Development Project

2.3.2 Public Participation

The other sub program included under the UGGP is the Public Participation Sub-Program

This program has a General Objective of establishing participatory democracy for public empowerment; and to ensure residents benefit from urban development. And, the specific objectives are:

- Creating a system for enhanced public participation,
- Building the capacity of urban actors for effective participation,
- Strengthening public participation and multi-actor collaborations to ensure the realization of Industry and Urban Development goals, and
- Institutionalizing public participation for sustainable urban environment.

Like other sub-programs listed above, this has also different projects under it. The projects are:

- i. Councils' Capacity Building Project
- ii. Participative Urban Development Project

2.3.3 Land management

It is indicated in the sub-program that the government has realized the need for shoring up of support for land reform so as to build national consensus among officials and civil society around the implementation of these reforms. In these regard mechanisms must be put in place in order to strengthen land tenure security and land markets; resolve land disputes; manage land and natural resources in an equitable, sustainable and efficient manner; and achieve land distribution with equity. It is in tandem with the understanding of achieving the above-mentioned policy goals and improving the systems and capacity of implementation both at federal, regional and local government level that the preparation of this sub-program has come in to effect. This program sets out to meet the following objectives which are given as major and specific ones.

The general objective of this sub-program is to achieve urban development and good urban governance goals by way of developing and implementing transparent, efficient and effective systems of land development and land administration including land and real estate markets.

The specific objectives are:

- To promote the role of urban center as the center of industry, market and services by creating more transparent, efficient and effective systems of land development and provision.
- Improve the overall capacity of urban centers in order to make ready and supply at least 6000 hectares of developed land per annum.
- As urban land is scarce resource and crucial for housing, industrial and other urban development activities; improve policy, legal and operational mechanisms, systems, strategies that can help land to be used best and economically and in a more transparent, efficient and effective manner.
- The establishment of appropriate and sustainable land administration system that ensures security of tenure and sustainable urban land development and management.
- To ensure sustainable long-term capacity of educated and trained personnel to operate the system and institutional capacity building by way of improving policies, legal and operational deficiencies in land development and administration.

The projects formulated to achieve these program objectives:

- i. Land Lease System Implementation Improvement project
- ii. Land Development and Land Supply Improvement Project
- iii. Land and Land Related property Registration and Cadastral Systems Improvement Project
- iv. Institutional and HRD Project

2.3.4 Urban Finance and Financial Management

It is imperative to launch improved and strengthened financial administration system that will respond to the initiatives of urban good governance in order to enhance the level of development of city administrations and municipalities and provide efficient and effective services to urban dwellers; to enhance own revenues of city administrations and municipalities, utilize the available limited resources prudently; access them with adequate and balanced funding to minimize the horizontal and vertical fiscal imbalances, enable them administer and monitor their fixed and current assets and make finance related information transparent to the public and decision makers.

The general objective of this sub-program is to put in place improved financial management system in city administrations and municipalities and enhances their financial capacity so as to provide sustainable infrastructure and social service for urban dwellers by ensuring good governance.

The specific goals are:

- To put in place financial management laws, regulations and procedures that would establish a disciplined financial management system in city administration and municipalities;
- To install a financial planning and budgeting system that is compatible and integrated to Federal, Regional Government levels (i.e. compatible and integrated all Federal, Regional and City Administrations levels) and to optimize the utilization of own resources effectively and efficiently for satisfying the need of urban dwellers;
- To install transparent and accountable accounting, cash management, procurement and property management systems as well as consistent, reliable, accurate and timely financial reporting system;
- To introduce a computerized financial management system in city administrations and municipalities to make their system and functioning efficient and effective.
- To enhance the revenue raising capacity of city administrations and municipalities by introducing effective and efficient revenue administration system;

- To introduce a decentralized, fair, transparent and credible/sustainable budget support system to enhance the financial capacity of city administrations;
- To provide support for city administrations to make them credit-worthy so that they can borrow fund from domestic capital markets for providing infrastructure and social services for urban dwellers;
- To install strong and appropriate internal and external auditing systems and capacity which ensure accountability at every level for controlling the proper implementation of resources of city administrations and municipalities?

The projects devised to implement this sub-program are:

- i. Urban Finance Regulatory/Legal Framework Reform Project
- ii. Financial Planning, Budgeting and Effective Management of Expendable Resources Reform Project
- iii. Accounting and Disbursement System Reform Project
- iv. Computer-aided Cities and Municipalities Financial Management System Reform Project
- v. Revenue Administration System Reform Project
- vi. Urban Local Government Budget Support and Borrowing System Reform Project
- vii. Audit System Reform Project

2.3.4 Organization and Human Resource Management

The two general goals of this sub-program are; first, to create an enabling legal and institutional framework that promotes good governance qualities in urban administrations regarding powers and duties, organization, inter- governmental relations, public participation, justice, service delivery, urban finance, human resource management, urban planning, land and housing development, infrastructure ,etc.; and, second, to build the policy and strategy formulation and implementation capacity of leadership, management and operational staff of the urban development sector at federal, regional, city administration, municipality and kebele administration levels.

And, the specific goals are to:

- Review and improve the organizational structure of regional bureau and zonal offices in view of achieving of the urban good governance packages.
- Improve the city administration and municipalities' organization and management legal framework so as to create conducive environment for good governance.

- Cause cities play their role in ensuring service delivery standards, capacity building, creating a situation for mutual benefits and support
- Establish cities' and professional associations to capacity building of their members and strengthen professional ethics
- Build the policy formulation and implementation capacity of the Ministry of Works & Urban Development and its implementing agencies, regional bureaus and zonal offices as well as city administrations' councilors, executives, management officials and professional staff.
- Introduce Human Resource Management System that enables city administrations have competent staff through developing existing staff capacity, drawing and retaining new qualified professionals from the market
- Organize Human Resource Information System that would enable to design and implement a plan that integrates the demand and supply sides of human resource development.

There are projects identified that are believed to assist the implementation of this sub-program. These are:

- i. Urban Administrations' Organization Reform Project
- ii. Capacity Building Training Project for Urban Administrations Management Officials and Professionals
- iii. Urban Administration Human Resource Management System Improvement Project

2.3.5 Urban Infrastructure and Service

This is one of the major urban programs planned to be implemented across the nation under the umbrella of the MUDC. The ministry launched this program to revive the deteriorating urban infrastructure and service provisions across the nation's urban centers. It is clear that investment in infrastructure has a spillover effect in many ways. In the first place, urban areas having a well functioning infrastructure and service are always in a position to attract investors from all walks of life. And in the second place, the investment infrastructures by themselves have the capacity to create jobs and maintain income of citizens.

The major objective of the program is to prepare strategies that support an integrated national policy and to harmonize infrastructure development and service delivery with good governance principles, and to improve the organizational structure and system of municipalities to implement infrastructure development and service delivery in harmony with the principles.

Besides, the following goals are also expected to be met at the end of the planning year. These goals are:

- To prepare and get approval on the draft national infrastructure policy,
- Based upon the approved policy, to devise strategies for each infrastructures and legal framework if necessary.
- To create feasible organization and system development to bring about coordination among infrastructure providers,
- To create awareness among concerned bodies about the approved policy, strategies and legal framework to implement the service delivery efficiently.

This program was launched in 1999 E.C. and it was formulated to address the following specific objectives. These are: providing of infrastructures and services to the urban population, integrating of urban infrastructures and ensuring the equity among the population, reviving the urban economy and job creation, and forming the structure and personnel that can fully manage and control these infrastructures.

The following projects are selected to help the sub-program gain ground in the specified years. These are:

- i. Project for Integrated National Infrastructure Policy, Strategy and Legal Framework
- ii. Project for Organizational and system development
- iii. Project for Human Resource Development

To this end, major infrastructures have been provided to many urban centers in the planning period and there are many projects devised to fulfill the specific objectives; some of which are UDF (Urban Development Fund), which succeeded in establishing different infrastructures in different urban centers, ULGDP (Urban Local Government Development Project) whose contribution was paramount in providing essential infrastructures and services to different urban centers, and the CBDSD (capacity Building for Decentralized Service Delivery), which was as important as the other projects.

2.5 .Construction Industry Capacity Building Program

This sector was under other programs during the PASDEP period. However, after the new naming of the ministry (MUDC), the construction sector got a huge emphasis and emerged as one major program in the Ministerial offices. This is because the role of construction industry for national growth is increasing every year and local products and employment creation by leaps and bounds growths of the industry are the major indicators. Major themes mentioned under this sector include, a) issues of Small Enterprise Development in the sector, b) Legal Frame Works and (Guidelines), c) Implementation of Contractors and Consultants, d) Demand and Supply of Construction Materials, e) Monitoring Government Projects, f) Human Resource, and g) Institutional Structure and Management of the industry. To effectively transform the construction industry

and make it play an important role the strategies first assess the activities performed in the PASDEP period for each of the major components of the construction industry, identifies challenges that were encountered in the implementation period and put in place way forward for next five years.

Chapter Three: Data Presentation and Analysis

3.1. Micro and Small Scale Enterprises (MSEs)

Introduction

Micro and Small Enterprise (MSE) is defined in different ways by different authors and institutions. According to *the 2000 G.C. MSE Development Strategy Document, as indicated in 2011 G.C MSE Development Strategy of the Ferderal Democratic Republic of Ethipia*, the working definition of MSE is only a capital based one: as per this document *MSEs are enterprises with investment capital of less than 500,000 Birr, excluding high-tech and consultancy firms*. In this context, MSEs are classified in to the following six major sectors: industry (textile and garment, metal and wood works, food processing, construction, electric and electronics, electronics works, agricultural technology production, construction material production tools, stove production, etc), municipality services, urban agriculture, service, trade, and culture and tourism¹.

The new MSE strategy of 2003 E.C (or *2011 G.C*), however, came up with a new and improved definition of MSEs. According to this definition, an enterprise is said to be MSE if it fulfills the criteria given in the following table. As can be clearly seen from these criteria, the definition uses both capital and number of employees to categorize a given firm as MSE or not. The definition even went to the extent of differentiating between the Industrial and the service sector. By industrial sector, the 2003's strategy meant all activities that fall under manufacturing, construction and mining; while the service sector refers to retailing, transport, hotel and tourism, ICT and maintenance services. The following table presents the full picture of the definition the Ethiopian Government utilizes to characterize MSEs at the current time.

Table 3.1: Current definition of MSEs according to the Ethiopian Context

Level	Sector	Employees	Capital
Small scale	Industry	≤ 5	\leq birr 100,000 (6,000USD or 4,500Euro)
	Service	≤ 5	\leq birr 50,000 (3,000USD or 2,200Euro)
Medium scale	Industry	From 6-30	\leq birr1.5 million (90,000USD or 70,000Euro)
	Service	From 6-30	\leq birr 500,000 (30,000USD or 23,000Euro)

Source: MSE strategy (2003), MWUD

¹ Source: Industry and Urban Development Package: MSE development program assessment and five years plan, 1998EC

MSEs contribute to a large extent to the development of every country. In developing countries like Ethiopia, the MSEs play vital role in reducing the massive unemployment and deep rooted poverty. Having widespread poverty and high unemployment, nurturing the development of MSEs is not only a matter of choice but also a means of survival. Besides creating job opportunity to multitude of urban unemployed army, MSEs become a preferred development tool of Least Developing Countries for a number of reasons: labor intensive, low capital requirement, create jobs to women and unskilled labors, use simple and cheap technologies, use local inputs, etc. Furthermore, it is believed that MSEs could enable Least Developing Countries to quickly attain one of the UN Millennium Development Goals ‘eradicating extreme poverty and hunger’. It is in this understanding that the government of Ethiopia has given due attention and priority to the development of the sector.

The government of Ethiopia has designed MSE program with the following general objectives:

- i) to reduce urban unemployment and poverty by creating 80% permanent and 20% temporary jobs for about 1.5 million people;
- ii) to bring rapid development by linking MSEs with big industries/companies;
- iii) to pave ways for industrial development by encouraging and supporting MSE graduation;
and
- iv) to create sustainable market by strengthening rural-urban economic interactions.

The following section provides a descriptive analysis on the state of MSE in the nation, regions and sampled city administrations. In the last section, conclusions and recommendations related to MSEs are also given.

3.2 Program Outputs at the National Level

It is obvious that developing countries need a clear policy direction that helps them reduce the yawning gap between the ever growing number of job seekers and available vacant posts. Many developing countries have enacted different policies that follow different paths to achieve the same end, unemployment reduction. The Ethiopian Government, like many, developed the previously discussed MSE strategies to achieve this target. This strategy, which mainly established its legacy during the PASDEP period, was being practiced in the previous periods at a lesser scale, and is

believed to have succeeded in pulling many out of the poverty trap during all these times. Many scholars have argued for and against the ability of the strategy to create more jobs per smaller investment as compared with the bigger business establishments. The Ethiopian Government favored the position of those thinkers and practitioners who lean towards the efficacy of MSEs in creating more jobs per the same investment as compared to their bigger counterparts. It is mainly because of this and other reasons that the government adopted the strategy and later scaled it up to all regions across the nation. As a result, as shown in the following table, more than 132,548 MSEs have been established across the nation during the years between 1998 and 2003 E.C

Table 3.2: Number of MSEs established until 2003 EC by region

Year of Est.	Region										Total
	Gambella	Somali	B/Gumuz	Harari	D.Dawa	A.A	SNNP	Oromia	Amhara	Tigray	
Before 1998*	-	-	-	-	46	1,353	299	368	5,069	13,863	20,998
1998*	-	4	1	-	29	252	247	686	2,246	3,304	6,769
1999*	-	15	-	33	21	238	621	905	4,341	4,253	10,427
2000*	3	2	9	20	101	427	1,173	1,945	6,135	5,922	15,737
2001*	10	11	18	37	104	1,297	1,256	3,587	6,977	4,751	18,048
2002*	27	21	26	54	104	2,023	1,723	8,889	7,330	5,488	25,685
2003*	21	82	97	57	32	4,160	2,407	8,096	9,133	10,800	34,885
Total	61	135	151	201	437	9,750	7,726	24,475	41,231	48,381	132,548

Source: Regional data and MUDC, 2004

* All the years mentioned in this document are in Ethiopian Calendar if not qualified.

Data obtained from MUDC indicates that millions have secured jobs because of this program. As shown in the following table, more than **2,441,658** people got their jobs (both permanent and temporary) only during the specified five years due to this program. This can be compared with the national target that sets out to solve the unemployment problems of the 1.5 million people in the major urban centers across the nation. The major drawback of the target was that it only took into consideration the unemployment situations in the four bigger regions and the federal cities. Had the figures from the growing regions included (as done in later periods), the number could have been much higher than the stated one. When one compares this achievement against the target, it can be easily seen that the performance is well above 164%. The following table summarizes the distribution of these MSEs and created job opportunities across the regions.

Table 3.3: Regional Distribution of the Jobs Created By MSEs in the Regions.

S.N	Region	1999	2000	2001	2002	2003	Total
1	Tigray	24,025	41,823	48,423	79,277*	54,238	168,509
2	Amhara	39,141	90,373	136,114	143,947	97,447	507,022
3	Oromia	44,863	89,548	179,031	289,617	264,443	867,502
4	SNNP	11,291	41,818	32238	50,634	48,767	184,748
5	Harari	4,337	8,110	3,840	1,039	1,433	18,759
6	D/Dawa	13,000	11,258	11,344	11,149	9,575	45,177
7	Addis Ababa	61,801	223,242	134,611	90,529	60,481	570,664
8	B/Gumuz					1,093	1,093
9	Afar					906	906
10	Somali					3,500	3,500
Total		198,458	506172	545601	655043	536384	2,441,658

Source: Regional data and MUDC, 2004

*there are some enterprises for which data is not obtained.

The government, on top of leveling the playing ground for MSEs, has been playing a vital role by supporting the enterprises using different policy instruments. In general, support packages in the MSE strategy are divided into six broad categories which are further divided into many sub-parts. These are:

1. Human resource and technological development support service.
2. Technological development and growth
3. Market development and Marketing supports
4. Financial and loan services.
5. The development of production and sales centers, and
6. One-Stop-Service:

Accordingly, the government has been trying to extend these supports to the enterprises during the period under consideration. One of these supports, which falls both under the first and second instruments from the above list, is the training provided to the operators. It is observed during the

field visit that many MSEs in many of the towns surveyed have received trainings from the government institutions that organized them or others like NGOs. Respondents have indicated that TVETs have played a major role in extending this support to the operators. In addition, the involvement of NGOs has been very sound in offering trainings to the MSE operators during the same period. Data obtained from key informants indicates that many of the trainings NGOs offer are very timely and are really better applicable than other scheduled trainings given by extension agents or other organs of the government. Operators of the MSEs, in many instances, have expressed their concerns over the applicability of some of the trainings they receive from extension agents. For that matter, there were many instances where the operators gravely complain about the competence of the trainers. Many MSEs were also heard during the data collection complaining about the focus of the local administrators attach on reporting than tackling their real problems.

The other problem observed by the research team from the FGDs conducted during the data collection is the extent of emphasis officials attach to those MSEs organized by MSEs development offices/cooperative bureaus; and their total neglect of those which are established by the operators themselves. Almost all of those enterprises which were formed by the operators themselves without any support from the government have not been receiving many, in most cases all, of the supports mentioned in the program document. This shows how policies are sometimes wrongly interpreted at different tiers of the government structure. It is obvious that the policy does not have any provision that discriminates against those which were formed by the operators; or that favors those organized by the MSE bureaus. Hence, this could be one of the key areas which the ministry needs to capitalize on to change the current wrong tradition of supporting the few in the sector. The following table indicates the number of operators that received training from different bodies during the period under consideration.

Table 3.4: Number of operators that received different capacity building trainings during the specified periods across the nation.

SN	Region	Years				
		1999	2000	2001	2002	2003
1	Tigray	306	54,469	60,000	73,566	51,179
2	Amhara	757	68,083	91,292	103,332	77,193
3	Oromia	1,653	42,904	76,345	158,806	160,173
4	SNNP	1,281	45,448	96,504	57,979	111,371
5	Harari	148		1,414	2,253	844
6	D/Dawa	17	8,145	7,575	1,901	4,399
7	Addis Ababa	486	13,373	33,547	2,350 (Enterprises)	47,844
8	B/Gumuz					308
9	Somali					200
Total		4,648	232,422	366,677	397,837	453,511

Source: Regional data and MUDC, 2004

As can be seen from the above table, there is a steady rise in the number of operators that received trainings during these periods. It was only 4,648 people that got such trainings in 1999. This number leaped to 453,511 in the year of 2003. Generally, it can be observed that fewer number of operators have received trainings in the six years and it shows the daunting task ahead in terms of reaching all the operators and availing this particular support service, training, to the MSE operators. A simple horizontal aggregation of the above figures indicates that 1,455,095 operators received different trainings during this period and this is only 59.6% of the operators formed during the same period. This tells us that more effort needs to be exerted in order to reach the operators and make them competitive in the market through the provision of this service.

The other support instrument MSEs have been receiving from the government during the same period is the direct provision of machineries on loan basis, which helped many MSEs take their productivity to the next level. The following table indicates that a total of 2,437 of these equipments have been distributed to the operators during the specified period.

Table 3.5: Provision of Production equipments and machineries

S.N	Region	1999					
		Crushers	Mixers	Mould	Vibrating Table	Block forming machine	Wagon
1	Tigray	29	81	240	27	54	27
2	Amhara	50	144	400	50	94	50
3	Oromia	43	169	220	44	125	44
4	SNNP	15	31	98	11	23	11
5	Harari	7	22	48	7	15	7
6	D/Dawa	11	33	72	11	22	11
Total		155	480	1176	150	326	150

Source: Regional data and MUDC, 2004

The above table is a clear indication that the government has to pump another huge money to the sector to help them acquire machineries and equipments so that they can raise their productivity that helps them compete in the market and sustain their lives during this era of throat cutting competition. However, this has to be done in a way that does not test the financial capability of the government (Information obtained from towns and regional offices indicates that there are some MSEs which are defaulting on their loans and make cities and regions bear the brunt of this financial pain) and further innovative ways need to be devised to reduce the current unacceptably high default rate.

It is less debatable that urban centers are faced with a relatively severe competition for land than rural centers. Many urban centers have a difficulty of availing land for the MSEs in the midst of scarcity. The problem is more pronounced in Addis Ababa and many secondary regional cities where city boundaries are physically and politically constrained. As a result, it is becoming very common in towns and cities to witness MSE being given with marginal and less usable lands to save the scarce resource for other competing land uses. However, such an approach proved to be disastrous as the research team encountered many MSEs, particularly in Addis Ababa, that opted for a rented land than operating on their own because it lacks the necessary infrastructures. This is believed to have an impact on the growth of the MSEs as it poses a huge financial outlay to the MSEs (entry costs become high as firms incur extra costs to get the infrastructures by renting another land or pay for the extension of the infrastructures up to their sites), which the strategy sets out to avoid.

Table 3.6: Number of Shades Prepared for MSEs prepared for MSEs across regions until 2003.

S.N	Region	Prepared Shades						Total
		1999	2000	2001	2002	2003	2004	
1	B/Gumuz						11	11
2	D/Dawa	24	-	-	-		-	24
3	Harari	20	-	-	-		-	20
4	SNNP	65	-	-	-		141	206
5	AA	-	-	-	245	246	270	761
6	Tigray	99	-	207	37		418	761
7	Amhara	176	230	1,296	1,100	257	117	3,176
8	Oromia	153	495	735	1,760	960	800	4,903
Total		537	725	2238	3142	1463	1757	9862

Source: Regional data and MUDC, 2004

The government support to MSEs regarding working premises has three tiers. These are the provision of vacant land, temporary shades and buildings. As shown in the above table, nearly 10,000 shades have been built and transferred to MSEs during the indicated years and Oromia and Amhara take the first and the first places in terms of supporting their MSEs with such services. The following table summarizes the amounts of the other modalities of working premises given to MSEs in the nation. As shown in this table, the government kept on expanding the provision of the different forms of working premises except for 2003, across the years. This has even reached 63 million m² for the land in 2002. This achievement primarily came from Amhara and Oromia Regional states, which provided land to the MSEs in tens of millions of m². The other achievement recorded in this regard is the provision of permanent buildings in Oromia and Addis Ababa. These regions have succeeded in constructing 814 and 108 structures, respectively in the specified years which other regions gravely lack. Especially, the city of Addis Ababa has shown its commitment and sets the precedent with regard to providing permanent 4 storied buildings to MSEs, thereby strengthening the clustering and linkage supports being provided by the responsible offices. Such practice of clustering the MSEs in the same building, has proven success in many Asian Tiger Economies like Thailand.

Table 3.7: Provision of working premises to MSEs in the nation.

S.N	Region	Land prepared in m ²				Total	Number of buildings
		2000	2001	2002	2003		
2	Harari	-	46,300	11,100	-	57,400	-
3	Tigray	-	-	103 ha	-	103	64
4	A.Ababa	-	2,240,253	-	10,874	2,251,127	108
5	SNNP	1,371,434	328,680	183,949	643,994	1,156,623	-
6	Oromia	370,425	1,714,114	34,730,000	1,331,480	37,775,594	814
7	Amhara	3,250,000	5,621,806	28,080,000	2,532,459	36,234,265	36
Total		4,991,859	9,951,153	63,005,152	4,518,807	77,475,112	1022

Source: Regional data and MUDC, 2004

It is crystal clear that nations must use their scarce resource in order to bring about intended changes in the lives of their people. However, any endeavor requires money to be executed and achieve its target. The MSE program mainly targets the youth and the unemployed. This segment of the society used to be marginalized due to the lack of startup capital. One of the crucial inputs intended to be availed for MSEs is the loan service. Thousands have reported during the data collection that they have benefited a lot from this scheme. Cities and regions were the guarantors of the loan the different Micro financial institutions have been extending to the MSEs. Though this was a positive thing to do for it has helped the majority, many were seen abusing this service by defaulting and transferring the pain to the government. There were some borrowers who considered this money as aid money or gift (as described by some during the data collection) and were motivated to default as a result. There were also many instances where the borrowers came from different backgrounds (having different skill on financial management) and could not agree on how to manage this money, which finally resulted into the inability to pay of the MSEs.

As can be seen from the following table more than 3.4 billion has been extended to the MSEs as loan. When one compares this against the target it is about 66.7%. It has been discussed in the preceding chapter that more the 5.1 billion birr is the amount of money the government earmarked to lend to these enterprises. However, as discussed in the previous statements the achievement is only about two-thirds of the plan.

Table 3.8: Loan Provided to MSEs

S.N	Region	Years									
		1999		2000		2001		2002		2003	
		Loan in millions	Number of users	Loan in millions	Number of users	Loan in millions	Number of users	Loan in millions	Number of users	Loan in millions	Number of users
1	Tigray	106.3	33,700	172	33,700	110	29,521	161	24,297	197.5	28,358
2	Amhara	54.8	45,204	135.3	45,204	110.3	29,882	126.2	32,877	160.6	16,251
3	Oromia	55.5	50,165	81.8	50,165	67.3	18,453	129	29,425	115.78	21,366
4	SNNP	65	-	92.41	-	135.4	8,362	122	-	100.13	
5	Harari	2	3,505	5.44	3,505	3.6	1,185	2.9	1,179	4.66	1,411
6	D/Dawa	6.22	2,633	7.42	2,633	6.2	2,294	2	490	6.26	
7	Addis Ababa	49.45	21,078	157	21,078	229.9	30,994	271	36,982	396.83	36,037
8	B/Gumuz									0.74	133
Total		339.3	156,285	651.4	156,285	662.8	110,035	814	125,250	982.5	103,556

Source: Regional data and MUDC, 2004

Last but not least, market linkage has been another crucial component of the support areas the government has been actively engaged in. It was planned in the strategy that strong market linkages will be formed to help the MSEs sustain themselves in the market and emerge competent in the world of throat cutting competition. With regard to this instrument, the data indicates that hundreds of thousands of MSEs have benefited from the arrangement and billions of money has been earned as a result. The largest sum of money was obtained in 2003 when more than 1.7 billion was earned from the linkage services the MSEs received from different bodies of the government; and the smallest earning was in 2001 and it can be seen from the following table that around 0.8 billion was what the MSEs secured during this year.

Table 3.9: Market linkage service provided to MSEs measured in terms of money

S. N	Region	2000		2001		2002		2003	
		Number of users	Value created millions	Number of users	Value created in millions	Number of users	Value created in millions	Number of users	Value created in millions
1	Tigray	13,027	22.50	27,623	381	42,811	324	24,549	438.5
2	Amhara	18,303		31,675	-	40,238	-		202.2
3	Oromia	21,625	28.90	36,607	157	63,595	320		271.8
4	SNNP		56.89	6,655	91.8	3,055	175	4,792	305.2
5	Harari	46		26	-	101	18	275	33.8
6	D/Dawa	5(?)	932.17(?)	-	15.6	-	30	258	48
7	Addis Ababa	25,876		58,687	155	18,542	172	11,523	470.2
8	B/gumuz								1.9
Total		78,882	1040.4	161,273	800	168,342	1,039	41,397	1,771.6

Source: Regional data and MUDC, 2004

Program Outputs at Regional Level

Tigray Regional State

According to the data obtained from the region, more than 34,518 MSEs have been organized and the number of jobs created by these MSEs during 1998-2003 was more than 168,509 (since 1999 to 2003). This data shows that 6,490 jobs were created in textile and garment sector, 8,793 in wood works, 1,631 in food processing and beverage, 117,919 in construction, 23241 in urban agriculture, 72,497 in service, and 11,159 in metal works in engineering sectors.

At regional level, the amount of loan provided to MSEs has increased from 3.7 million in 1998 to more than 197 million in 2003. Throughout the 1998-2003, more than 746 million birr was provided to MSEs in the form of loan. But during the period under consideration, only few of the loans were repaid by the MSEs. According to the available data, only 180 million birr of the loan granted during 1998-2003 was repaid in the same period.

On the other hand, the MSEs established during the period 1998-2003 in the sampled towns in the Tigray Regional State have created a number of both permanent and temporary jobs to the residents of their respective towns. Excluding data in some sectors (which are probably aggregated as

manufacturing) where data is not available (such as Textile and Garment, Leather and Leather products, food and beverage processing, metal works and engineering, wood works, and hand crafts and ornamental works) about 143,113 new jobs, including 21,669 temporary jobs have been created during the same period only in the selected towns. The following Table shows the number of jobs created by the MSEs by sector as collected from the sampled towns.

Table-3.10: Number of permanent and temporary jobs created by sector and year

Sector		1998	1999	2000	2001	2002	2003	Total
Manufacturing	Permanent	1168	1298	1490	965	1928	3011	9860
	Temporary	234	139	133	233	414	1033	2186
Construction	Permanent	2185	5260	2490	10755	10974	5065	36729
	Temporary	460	122	923	668	1942	3051	7166
Trade	Permanent	475	1257	1859	2209	2694	1860	10354
	Temporary	244	405	796	934	1504	1205	5088
Service	Permanent	3109	6206	7982	8124	10182	8344	43947
	Temporary	400	570	727	732	958	1300	4687
Urban Agriculture	Permanent	3672	2019	2407	2031	3828	3598	17555
	Temporary	434	30	59	196	262	699	1680
Others	Permanent	109	95	308	329	1799	359	2999
	Temporary	0	42	191	95	416	118	862

Source: Regional data and MUDC, 2004

Supports Provided

During the period under study, 1998-2003, the respective town administrations have provided different structures (mainly shades and buildings) for production and marketing activities of MSEs. According to the data collected from the 9 selected towns of Tigray region, a total of 242 shades and 9 buildings had been made ready in different towns for production activities of MSEs. Area provided for MSEs for production and marketing is insignificant, for instance, during 1998-2003 E.C., only 11.11 ha and 14.35 ha were provided to these MSEs, respectively, which has to be a wakeup call for the concerned offices as it shows the level of attention the provision of land has been given by the town and city administrators.

The other mission of MSE Agencies was to enhance the graduation of MSEs to the next level through provision of trainings and other technical supports. In line with this, capacity building trainings have been given to several members of MSEs in the sampled towns. The type of trainings provided to MSE members include Business Management Training, Cooperative management training, Vocational (technical) training, entrepreneurship training, and customer service training. The essential but missing is Bookkeeping; as none of the MSEs members have received training on this subject. The trainings were mainly provided by MSE Development Bureaus (government bodies). Nevertheless, NGOs and TVETs have also been involved in provision of trainings to MSEs, which can be exemplary to other regions.

The figures shown in the following table indicate that only very few members of the MSEs have received training during this period in the sampled towns, which is around 20,448. This, when compared with the total number of available MSEs in these towns, shows that there is still an extra mile to travel to provide training to the MSE operators.

Table-3.11: Number of MSE members attained different trainings by year

Types of Trainings		1998	1999	2000	2001	2002	2003	Total
Business Management Training	Total	1189	1008	450	1422	2529	3027	9625
	Female (%)	48.7	47.6	48.4	57.7	61.5	49.2	53.4
Cooperative Management Training	Total	193	0	57	212	471	493	1426
	Female (%)	31.09	—	29.8	28.3	55.6	26.8	37.2
Vocational (technical) Trainings	Total	55	0	41	1051	3172	1251	5570
	Female (%)	0	—	17.1	21.0	14.5	29.0	18.9
Entrepreneurship Training	Total	0	0	76	280	2137	543	3036
	Female (%)	—	—	0.0	44.3	96.4	48.1	80.5
Customer Service	Total	0	0	0	198	126	192	516
	Female (%)	—	—	—	65.2	44.4	39.6	50.6
Other Trainings	Total	0	0	0	154	0	121	275
	Female (%)	—	—	—	19.5	—	12.4	16.4
Total	Total	1437	1008	624	3317	8435	5627	20448
	Female (%)	44.5	47.6	38.8	41.7	52.1	41.5	46.3

Source: Regional data and MUDC, 2004

Another area of support provided to MSEs by the government is the facilitation to access credit services. In this regard, a big sum of money is channeled to MSEs in the form of loan in the sampled towns. According to the data collected from selected 9 towns of Tigray region about 61.6 million Birr was provided to MSEs in the form of loan during the years 1998-2003. This is excluding the loan provided to those operating in manufacturing sector for which the data is unavailable. As can be seen from the table below, the loan provided to MSEs is increasing over the period under consideration. Most of the loans were provided to MSEs operating in trade and service sectors.

Table-3.12: Amount of loan provided MSEs by sector and year (in '000).

Sector	1998	1999	2000	2001	2002	2003	Total
Textile & Garment	0.0	50.0	2559.0	200.0	200.0	200.0	3209.0
Leather and Leather products	0.0	28.0	370.0	200.0	200.0	100.0	898.0
Food and Beverage processing	8.0	562.1	1992.0	200.0	283.0	400.5	3445.6
Metal works and engineering	0.9	205.0	1200.3	200.0	200.0	595.0	2401.1
Wood works	0.0	450.4	384.0	300.0	400.0	674.2	2208.6
Hand crafts and Ornamental works	0.0	302.0	105.0	200.0	883.3	500.0	1990.3
Construction	0.0	1015.0	1100.0	400.0	500.0	600.0	3615.0
Trade	1000.0	2120.5	1175.0	4269.1	4950.0	7526.3	21040.9
Service	390.0	1052.3	430.7	3000.0	5059.5	6842.5	16775.0
Urban Agriculture	0.0	0.0	278.0	100.0	200.0	2101.9	2679.9
Others	0.0	0.0	0.0	0.0	1083.7	2251.5	3335.2
Total	1398.9	5785.3	9594.0	9069.1	13959.5	21792.0	61598.7

Source: Regional data and MUDC, 2004

Despite the huge amount of money channeled to MSEs, only few of them have paid back. Though the data on yearly repayment rate of loans is very fragmented, the available data showed that no loan is repaid during 1998-1999 and even the amount of loan repaid in 2002 was not available. But it is known that less than 20 % of the loan provided during 1998-2003 was repaid during the same period. As can be seen from the table below, textile and garment and service sector had better loan repayment record than others.

Table-3.13: The Loan repayment rate of MSEs (during 1998-2003), by sector. (in ‘000)

Sector	Loan Provided	Total loan repaid	
		in Birr	in %
Textile & Garment	3209.0	1470.6	45.8
Leather and Leather products	898.0	124.6	13.9
Food and Beverage processing	3445.6	269.1	7.8
Metal works and engineering	2401.1	162.0	6.7
Wood works	2208.6	105.0	4.8
Hand crafts and Ornamental works	1990.3	42.9	2.2
Construction	3615.0	61.9	1.7
Trade	21040.9	4119.0	19.6
Service	16775.0	5598.1	33.4
Urban Agriculture	2679.9	179.2	6.7

Source: Regional data and MUDC, 2004

Another area of support provided to MSEs by the government is creating market links. In this regard, excluding those MSEs in manufacturing sector, due to unavailability of data, domestic market link is created for thousands of MSEs during 1998-2003. E.C. Construction sector has got better market link than others. This may be due to the intensification of condominium houses construction in the IHDP during the same period.

Table-3.14: Number of operators for whom domestic market link was created, by sector.

Sector	1998	1999	2000	2001	2002	2003	Total
Textile & Garment	0	48	48	58	587	341	1082
Leather and Leather products	0	0	0	0	11	12	23
Food and Beverage processing	0	0	0	0	0	1	1
Metal works and engineering	25	27	234	636	1027	574	2523
Wood works	0	0	0	0	0	0	
Hand crafts and Ornamental works	0	0	0	0	0	20	20
Construction	349	682	1367	3124	10008	8911	24441
Trade	55	110	140	127	204	310	946
Service	0	70	98	367	271	565	1371
Urban Agriculture	0	9	18	25	261	748	1061
Others	361	0	180	489	667	897	2594

Source: Regional data and MUDC, 2004

However, foreign market links are created only for few MSEs operating in textile and garment and Leather and leather products. Data collected from selected towns of Tigray showed that about 148 MSEs in textile and garment have received foreign market link. In Leather and Leather Product sector, however, only 22 MSEs have got foreign market links.

Table-3.15: Number of MSEs for whom foreign market link is created by sector.

Sector	1998	1999	2000	2001	2002	2003	Total
Textile & Garment	0	48	48	48	2	2	148
Leather & Leather products	0	0	0	0	11	11	22

Source: Regional data and MUDC, 2004

Though reliable data is not available on the amount of revenue gained from foreign market, it was reported that at regional level about one billion birr was gained from domestic market links in the period under study. Most of the revenues collected from domestic market linkage were from construction (727.6 million), municipality service (86 million) and textile and garment (94 million) sectors. The remaining was collected by urban agriculture and handcrafts sectors.

Although it is essential for the MSEs to receive audit services, during the period under consideration (1998-2003), very few MSEs had received it. No data is available at regional office on the audit services rendered to MSEs, but according to the data collected from selected towns of Tigray, only 158 (less than 0.5% of) MSEs had received audit service. While most (77%) of the MSEs who have received the service belong to construction sector, only 8% of them were in service sector. Food and beverage processing sector and trade sector accounts for 5.6% each.

One-stop service was provided only in few towns of Tigray. In 1998, for instance, only three towns had claimed to provide one stop services. Being increased by one each year, the number of towns providing full/complete one stop service have reached seven in 2003EC. This implies that about 58% of the towns selected for this baseline survey from Tigray have been providing one stop service to MSEs.

The very reason why the government is providing all rounded support for MSEs is to help them graduate to self sufficient medium enterprises. In this regard only little success is registered during the 1998-2003, as only 10 MSEs have graduated to the next level. **It is worth mentioning that all the graduation took place in 2003 and almost all of the graduates belong to wood works and construction sectors.**

To sum up, while more than 34,518 MSEs were established in the selected towns of the region, most of them were engaged in construction, manufacturing, and service sectors. The contribution of MSEs in the construction sector to job creation is found to be significant and encouraging. The MSEs have been given various types of support: working places, loans, capacity building trainings, and market links. Obviously, these supports were intended to strengthen the development of the MSEs and to enable them to graduate. However, in the six years duration, only less than a dozen of MSEs have graduated to medium enterprises. Furthermore, coverage of audit service and provision of one stop service were found to be unsatisfactory and needs improvement.

Afar National Regional State

Jobs Opportunities Created

In Afar Afar National Regional State , nearly 305 MSEs were established in the selected five towns during 1998-2003 and all of them were established as cooperatives; i.e., no MSE was created as trade associations and private individuals. Surprisingly, adequate information could not be obtained from MSE agency of the region. Data on MSE is hardly available even in major towns of Afar. In Dubti and Awash towns, few (less than 20) MSEs were established as cooperatives. The established MSEs were operating in five sectors namely manufacturing, metal works and engineering, construction, wood works and service sectors. It was, however, reported that only 76 jobs were created by these MSEs.

Supports provided

The town administrations were expected to provide different structures (shades, buildings, etc) and areas for production and marketing activities of MSEs. But the data showed that the structures made ready for MSEs were very small. It is reported that during 1998-2002, no structures were made ready for both production and marketing activities of MSEs. It is only in 2003EC that two shades and one building were made ready for production activities.

To strengthen the capacity of those MSEs already created the concerned body in the government structure must provide support and trainings to the MSEs. Yet only few MSEs had received support from the government. The data showed that two MSEs from Metal works and engineering sector, 10 MSEs from construction sector, and 11 MSEs from service sectors have received support from the government during 1998-2003EC.

Capacity building trainings have been provided to members of some MSEs mainly in 2002 and 2003. But throughout 2000-2003 E.C a total of 836 members of MSEs had received capacity building trainings.

Table-3.16: Number of MSE members who have received different trainings by year

Types of Trainings		1998	1999	2000	2001	2002	2003	Total
Business Management Training	Total	0	0	12	0	63	112	187
	Female (%)	—	—	16.7	—	9.5	10.7	10.7
Cooperative Management Training	Total	0	0	0	0	0	122	122
	Female (%)	—	—	—	—	—	16.4	16.4
Vocational (technical) Trainings	Total	0	0	0	0	63	112	175
	Female (%)	—	—	—	—	9.5	10.7	10.3
Entrepreneurship Training	Total	0	0	22	0	47	161	230
	Female (%)	—	—	9.1	—	0.0	19.9	14.8
Bookkeeping Trainings	Total	0	0	0	0	0	15	15
	Female (%)	—	—	—	—	—	33.3	33.3
Other Trainings	Total	0	0	0	0	0	107	107
	Female (%)	—	—	—	—	—	6.5	6.5
Total	Total	0	0	34	0	173	629	836
	Female (%)	—	—	11.8	—	6.9	14.0	12.4

Note: 1998, 1999 and 2001 data was not available

Source: Regional data and MUDC, 2004

One of the target instruments of the government to support and strengthen MSEs is the facilitation and provision of loan. But the loan provided to MSEs in Afar region was negligible. During 1998-2003, only 22,000 Birr was provided to MSEs in the form of loan. The data showed that less than 10% of the loan provided to MSEs was repaid during the period under consideration.

Another important task of the government (MSE Agency) was to create both domestic and foreign market links to the products and services of MSEs. According to the data collected from selected towns of Afar region, however, there were no MSEs for whom foreign market link is created. Domestic market link is no better in the sense that only 57 MSEs have got domestic market links during 1998-2003. Furthermore, none of the MSEs in all of the towns selected had received audit services in the period 1998-2003.

Graduation to medium enterprise is one measurements of success of the policy/strategy. In the period under consideration (1998-2003), however, no MSEs had been graduated to medium enterprises in the Afar Regional State.

To wind up, though data is hardly available in most towns and the region itself of Afar, the available information shows that relatively low MSEs were established in the region and the jobs created were insignificant. The support given to MSEs has also been negligible.

According to the information obtained from a key informant in the Afar regional state, there are many instances where MSEs were coming from other regions while there is a huge stock of unemployed population in the region for some big projects like the Tendaho Housing Project. This is an issue worth investigated by the regional officials because it is using such projects that MSEs can learn from and lay the foundation for the coming medium scale enterprises.

Amhara National Regional State

Concerning the Micro and Small Scale Enterprises in the Amhara Region only a five year (1998-2003) data was available at Regional MSE Agency. According to this data, about 41,231 including some 5,069 MSEs established before 1998) MSEs were established and 507,022 jobs were created as a result. Data obtained from the regional office shows that most of the jobs were created in the construction (187,093 jobs) and trade sectors (111,606 jobs). Similarly about 32, 740 jobs in textile and garment, 22,795 jobs in wood works, 46,655 jobs in food processing and beverage, 3,633 jobs in

leather and leather products, 6,482 jobs in municipality services, 77,547 jobs in urban agriculture, 16,832 jobs in service and 5,566 jobs in handcrafts sectors were created during the period.

At regional level, more than 36 thousand m² of land was provided to MSEs for production and marketing activities and about 3176 shades were made ready for same purpose. In addition to this support, more than 587 million birr was provided to these MSEs in the form of loan during this period and only 264.6 million birr was returned back showing that there is a very severe problem of collecting the disbursed loan on time due to different reasons. Besides, the region has also been providing different types of trainings to the operators in these years. Though there is a problem of counting the beneficiaries in many instances, official data reveals that more than 340 thousand operators have received different trainings in the region.

Job Opportunities Created in the Sampled Towns

There is no doubt that the established MSEs have created large number of job opportunities to the population of the region. At regional level, it has been indicated that, a little more than half a million jobs were created in different sectors. But in the 28 selected towns of the region a complete data that can be compared and verified with the region's compiled data was not obtained in all sectors. For instance, in all the sampled towns, number of jobs created in textile and garment, leather and leather products, food and beverage processing, metal works, wood works, and handcrafts sectors were not available (which could be because the data in the manufacturing sector is an aggregated one) . Excluding these sectors, in these towns between 1998 and 2003, about 113,736 permanent and 66,130 temporary jobs we have been created by the MSEs.

Table-3.17: Number of jobs created by the MSEs by sector and year

Sector		1998	1999	2000	2001	2002	2003	Total
Manufacturing	Permanent	1431	1411	5139	7310	7901	7960	31152
	Temporary	64	372	2681	3202	1840	2979	11138
Construction	Permanent	72	2137	4782	19319	17616	4784	48710
	Temporary	25	2721	6566	7551	8497	8168	33528
Trade	Permanent	119	457	689	2221	3005	2981	9472
	Temporary	0	759	692	579	413	601	3044
Service	Permanent	8	1478	2083	2454	1985	2307	10315
	Temporary	12	81	617	71	496	471	1748
Urban Agriculture	Permanent	42	1435	1429	2277	2353	4354	11890
	Temporary	46	124	148	1073	623	1389	3403

Sector		1998	1999	2000	2001	2002	2003	Total
Others	Permanent	0	0	22	705	908	562	2197
	Temporary	1572	2555	2044	6855	161	82	13269
Total	Permanent	1672	6918	14144	34286	33768	22948	113736
	Temporary	1719	6612	12748	19331	12030	13690	66130

Source: Regional data and MUDC, 2004

Supports Provided

Concerning the supports provided, MSEs have been given different structures (mainly shades and buildings) for production and marketing activities. According to the data collected from the selected towns of Amhara region, during 1998-2003, a total of 1094 shades and few buildings had been made ready in different towns for production activities of MSEs. On the other hand, 603 shades and 40 buildings (which is not mentioned in the regional data) had been made ready in different towns of the region for marketing activities of MSEs. The area provided for production and marketing activities of MSEs during the same period were 460.74 ha and 76.86 ha, respectively.

Like other regional states, the government of Amhara regional state has provided several supports to MSEs. The supports, among other things, include capacity building trainings, consultation and information services. The capacity building training covers vocational/technical as well as other supportive areas such as business management, cooperative management, entrepreneurship bookkeeping, customer service and many other trainings. As can be seen below, many MSE members have participated in Business management, vocational and entrepreneurship trainings.

Table-3.18: Number of MSE members participated in different trainings by year

Types of Trainings		1998	1999	2000	2001	2002	2003	Total
Business Management Training	Total	2707	680	6298	13056	12594	14809	50144
	% of female	58.8	32.9	45.2	47.3	53.1	47.3	48.9
Cooperative Management Training	Total	0	0	0	257	176	216	649
	% of female	—	—	—	16.7	83.0	21.3	36.2
Vocational (technical) Trainings	Total	115	1013	4924	18410	7509	9845	41816
	% of female	45.2	35.2	47.3	43.8	38.0	26.1	38.8
Entrepreneurship Training	Total	0	916	1891	3816	4639	3758	15020
	% of female	—	40.4	47.3	47.6	46.4	40.2	44.9
Bookkeeping Trainings	Total	0	1376	1052	3352	3058	2891	11729
	% of female	—	47.2	40.2	51.6	61.8	58.7	54.5
Customer Service	Total	0	716	1465	1937	1500	2547	8165

Types of Trainings		1998	1999	2000	2001	2002	2003	Total
	% of female	—	41.9	54.8	49.9	64.9	48.2	52.3
Other Trainings	Total	0	0	3339	3238	2587	0	9164
	% of female	—	—	54.4	45.0	29.5	—	44.1
Total	Total	2822	4701	18969	44066	32063	34066	136687
	% of female	58.3	40.4	48.0	46.0	48.2	41.2	45.7

Source: Regional data and MUDC, 2004

Hence, as can be seen from the above table, more emphasis is given to the vocational (technical) training, which is good by itself; however, the same level of attention should also be given to other trainings like the cooperative management training, as many cooperatives are heard of complaining the management problem in their MSEs and their inability to work together for a common goal (poor tradition of working together).

The government of Amhara regional state had granted large sum of money to these MSEs in the form of loan. The data showed that more than 587 million birr was transferred to MSEs during the years under investigation. However, it is observed that the sampled towns extended about 172 million birr to MSEs operating in the region.

Table-3.19: Amount of loan provided to MSEs by sector and year (in '000 Birr).

Sector	1998	1999	2000	2001	2002	2003	Total
Textile & Garment	1315.5	1075.2	6578.3	1841.0	1035.5	2430.9	14276.4
Leather and Leather products	0.0	52.0	67.0	35.2	5.0	487.0	646.2
Food and Beverage processing	1727.3	1325.6	7645.2	6508.1	11103.6	7207.6	35517.3
Metal works and engineering	24.8	666.7	620.9	825.0	862.3	256.8	3256.5
Wood works	1549.7	21.0	551.0	888.6	790.9	1948.5	5749.7
Handcrafts & Ornamental works	0.0	666.0	314.3	276.0	148.0	639.3	2043.6
Construction	9.5	12622.7	8103.6	2924.4	7655.3	2458.1	33773.6
Trade	0.0	2643.5	1623.3	3366.2	4316.0	5887.5	17836.7
Service	3679.8	6516.6	10045.2	5098.8	3836.1	5000.3	34176.9
Urban Agriculture	32.5	4477.8	4906.4	1701.1	4896.9	8668.8	24683.6
Others	0.0	0.0	7.0	0.0	40.0	98.1	145.1
Total	8339.1	30067.1	40462.2	23464.4	34689.6	35082.9	172105.6

Source: Regional data and MUDC, 2004

The data provided on the loan repayment rate in some sectors is very doubtful (even more than 100% of repayment rate in some cases). However, the rate in many cases is generally very low because, even if the exaggerated figures were used, less than 40% of the loan offered during 1999-2003 was repaid during this period.

An attempt is also made to create domestic and foreign market links for MSEs. However during 1998-2003, while the achievement in creating foreign market link was almost none existent, domestic market link was created for thousands of MSEs. the construction sector, like other regions, got the most strong domestic market link followed by the food and beverage sector. the third place is occupied by the Metal works and engineering. The strength of the linkage in the construction and metal and engineering sectors were justified in the FGDs by the involvement of the MSEs in the IHDP and the boom in the construction sector. this finding is, therefore, an indication that there should be no spared effort in linking the MSEs to the market as most of the research findings these days focus on the inability of some sectors to sustain the already created jobs.

Table-3.20: The Number of MSEs for Whom Domestic Market Link is created by Sector.

Sector	1998	1999	2000	2001	2002	2003	Total
Textile & Garment	0	63	624	405	672	229	1993
Leather and Leather products	0	5	35	40	62	118	260
Food and Beverage processing	0	26	638	805	1191	1856	4516
Metal works and engineering	0	0	314	1656	717	470	3157
Wood works	0	5	44	275	239	550	1113
Hand crafts and Ornamental works	0	28	46	111	135	90	410
Construction	0	377	876	3211	4630	4706	13800
Trade	0	20	145	212	707	606	1690
Service	0	77	864	596	481	504	2522
Urban Agriculture	0	52	172	372	466	809	1871
Others	0	0	0	74	185	19	278

Source: Regional data and MUDC, 2004

Graduation to medium enterprise is one of the targets of MSE strategy. In this regard, only little success was registered in the period 1998-2003. While none of the MSEs have graduated between 1998 and 2001EC, about 22 and 15 MSEs have graduated in the years 2002 and 2003 respectively.

The data showed that most of the graduates (57%) were from wood and metal works, and construction sector.

An attempt is made to ask the operators as to what factors play a role to have helped MSEs graduate to the next level. Some of the information given by the operators in the Amhara region are summarized as follows:

1. Many operators feel that those MSE that are registering growth are those that have an existing market linkage prior to their entrance of the MSE sector, and that is why they survived in the market and registered such a growth.
2. There are still scores of operators that mentioned the lack of transparency in the sector. According to this cohort of people, the lack of absence of a leveled competing field in the sector some MSEs get contracts over and over again, while there are other competent MSEs out there in the field.
3. Few people suspect that there are MSEs organized by the relatives of officials and they are the ones that get lucrative contracts and grow as a result.
4. There are some people who are very skeptical about the way the awardees of the graduation are selected. These groups of people mentioned about the lack of a clear, transparent and objective criteria with which the best performers are chosen and then allowed to graduate.

In addition to the ones mentioned so far, one-stop-service has been the other important instrument which is aimed at reducing the entry barrier to the MSEs and ensuring their survival in the market. The data collected from the towns indicate that the number of government bureaus providing one stop services to MSEs has been increasing over the period under consideration. For instance, only one town (namely Nifas Mewucha) reported that it was providing one stop service since 1998. But 15 more towns have claimed that they were providing such services starting from 2002 and 2003. The whole data implies that about 60% of the towns selected from Amhara region have been providing one stop service to MSEs.

Though the data on number of MSEs who had received audit service were incomplete, it has been known that the tradition of conducting audit service among MSEs was improving. The available data showed that between 1998-2001; only 5 MSEs had received audit service. In the year 2002 and 2003, however, the number MSEs that received this services has grown to about 93 MSEs.

Finally, it can be concluded that the Amhara Regional State has performed better in terms of creating new MSEs in the sense that a great deal of MSEs have been established in the region in the specified years. It was observed that construction and manufacturing were the sectors where most of the MSEs were operating. As a result, hundreds of thousands of unemployed army have got a job. The achievement registered could be mainly because of the all rounded support given to MSEs by the respective offices. It is also observed that some of the offices have not been supporting the MSEs to their best level due to many intricated It was observed that a number of structures (shades and buildings), several capacity building trainings, large sum of loans and many market links were arranged and/or provided to MSEs. Even the proportion of towns providing one stop service has been higher than other comparable regions. However, the proportion of MSEs graduated to medium enterprises was found to be lower and many operators are not clear on the matter.

Oromia National Regional State

Sectoral Distribution

Though many MSEs were believed to have been established in Oromia regional states, the data was poorly recorded and could not enable us to make sound inference. However, data obtained from the MUDC indicates that about 24,475 enterprises were created in the period under consideration. As a result, more than 867 thousand people have secured their jobs, and 439,881 of these operators have received training on different issues in this period. More than 450 million birr was extended to these operators as loan in this region and only small part of it was repaid back to the lenders. This mal performance of paying back the loan seems to be an issue to work on as compared with other regions in the nation. In addition to the loan service, this region ha provided more than 4903 shades, 36,234,265m² of land, and 814 buildings to the MSEs.

The data collected from the selected 51 towns of the region shows that more than three quarter of these MSEs were formed as cooperatives, and the remaining one quarter were created by private individuals and trade associations, in respective order of magnitude. Furthermore, trade, service, and manufacturing sectors absorbed the lion's share in that together, these three sectors constituted nearly 58% of the established MSEs.

Job Opportunities Created in the selected towns

Though the MSEs have created thousands of jobs to residents of their locality, the data was not properly documented in many of the towns of this region. No data was obtained on the number of jobs created by some sectors like textile, leather, food, metal works, wood works, and handcrafts. Excluding the potential contribution of these sectors, about 72,666 permanent and 44,181 temporary jobs were created by the MSEs established between 1998 and 2003 in the sampled towns.

Table-3.21: Number of jobs created by the MSEs in some sectors, by year

Sector		1998	1999	2000	2001	2002	2003	Total
Manufacturing	Permanent	462	883	1062	1472	2529	3297	9705
	Temporary	447	619	1427	1852	2486	3432	10263
Construction	Permanent	239	1062	2278	4025	5973	6490	20067
	Temporary	268	495	1181	2018	2672	5667	12301
Trade	Permanent	1033	1790	3171	3533	5038	6865	21430
	Temporary	154	319	471	766	1115	1621	4446
Service	Permanent	232	944	1717	2158	3528	4604	13183
	Temporary	174	411	596	854	1197	1962	5194
Urban Agriculture	Permanent	585	769	1029	1280	1674	2289	7626
	Temporary	33	64	115	147	260	521	1140
Others	Permanent	0	76	18	115	29	416	654
	Temporary	347	636	340	2137	2692	4685	10837
Total	Permanent	2551	5524	9275	12583	18771	23961	72665
	Temporary	1423	2544	4130	7774	10422	17888	44181

Source: Regional data and MUDC, 2004

Supports Provided

It is obvious that the government has been extending different supports to MSEs. One of these is the provision of working premises and shades for the enterprises. The Oromia National Regional State has also been providing shades to MSEs for their production and marketing activities. According to the data collected from the selected towns of Oromia region, during 1998-2003 E.C., 3,454 shades (502 for production and 3,396 for marketing) were made ready to MSEs. During the same period, 58 buildings (40 for production and 18 for marketing) were made ready to the MSEs in different towns. The area provided for production and marketing activities of MSEs during the same period were 191.62 ha and 17.43 ha, respectively.

To build the capacity of the MSEs the government provides or arranges trainings to several of the MSE members at different periods. The trainings provided to MSEs includes business management, cooperative management, vocational/technical, entrepreneurship bookkeeping, customer service and many other trainings. As can be seen from the table below, greater number of MSEs members were made to participate in Business Management trainings followed by Cooperative Management training. And, female participation was higher in trainings provided on entrepreneurship.

Table-3.22: Number of MSE members participated in different trainings by year

Types of Trainings		1998	1999	2000	2001	2002	2003	Total
Business Management Training	Total	2198	3840	6381	5371	11496	16151	45437
	Female (%)	36.4	34.0	44.0	37.4	31.4	39.6	37.3
Cooperative Management Training	Total	1236	2309	2561	2779	5087	6483	20455
	Fem (%)	32.7	32.6	32.9	36.2	29.6	37.7	34.0
Technical) Trainings	Total	479	755	1619	2511	4025	6860	16249
	Fem (%)	27.6	32.2	40.7	51.6	48.0	60.2	51.7
Entrepreneurship Training	Total	2271	3666	6045	5563	13282	11692	42519
	Fem(%)	57.7	41.6	44.3	29.2	46.0	36.4	41.2
Bookkeeping Trainings	Total	1089	1882	2980	2374	7293	6333	21951
	Fem(%)	31.7	36.6	38.5	36.6	43.1	40.1	39.8
Customer Service	Total	1063	1670	2403	2037	4070	5680	16923
	Fe (%)	32.2	36.2	37.4	36.0	43.1	42.3	39.8
Other Trainings	Total	229	460	1342	644	1492	2738	6905
	Fem(%)	41.0	28.7	40.2	30.1	44.2	44.3	41.0
Total	Total	6294	10916	17286	15716	33463	44245	127920
	Female (%)	33.7	34.1	39.9	38.9	37.7	43.2	39.5

Source: Regional data and MUDC, 2004

The trainings were mainly offered by MSE Agencies/bureaus. But several NGOs, TVETs and private institutions had also been involved in provision of trainings to MSEs. For instance, during the 1998-2003 periods, NGOs and TVET Colleges had been involved in provision of different types of trainings to MSEs.

The MSEs have received large sum of money in the form of loan from the government. The data showed that more than 100 million birr was transferred to MSEs operating in the selected towns of the region (there are some towns that did not provide data).

Table-3.23: Amount of loan provided to MSEs by sector (in '000Birr).

Sector	1998	1999	2000	2001	2002	2003	Total
Textile & Garment	191.9	614.1	953.5	819.5	570.4	379.6	3529.1
Leather and Leather products	3.0	0.0	9.0	16.0	28.0	12.0	68.0
Food and Beverage processing	160.2	459.9	774.7	580.1	951.1	871.9	3797.8
Metal works and engineering	757.8	1066.6	1117.4	831.9	1607.5	1527.6	6908.9
Wood works	521.2	851.8	1096.5	670.8	2276.1	1375.5	6791.8
Hand crafts and Ornamental works	0.0	0.0	0.0	50.5	35.0	68.5	154.0
Construction	246.0	6203.0	4186.4	1478.8	1683.5	2095.5	15893.2
Trade	1809.2	2844.2	4202.7	4448.7	11359.6	9829.3	34493.7
Service	530.7	814.5	1679.6	2123.1	3745.7	9547.1	18440.8
Urban Agriculture	836.3	1511.6	558.5	1008.5	1776.4	2648.3	8339.5
Others	24.5	948.5	43.4	336.4	269.4	109.0	1731.2
Total	5080.7	15314.2	14621.8	12364.2	24302.7	28464.4	100148.0

Source: Regional data and MUDC, 2004

Repayment rate of the loan was not bad. The available data showed that about 62% of the loan offered to MSEs during 1998-2003 was paid back in the same period.

Table-3.24: Amount of loan repaid by sector and year.

Sector	Total Amount of loan repaid during 1998-2003	
	in '000 Birr	in %
Textile & Garment	1009.3	28.6
Leather and Leather products	121.6	178.8
Food and Beverage processing	2648.7	69.7
Metal works and engineering	4801	69.5
Wood works	5755.5	84.7
Hand crafts and Ornamental works	156.5	101.6
Construction	6130.8	38.6
Trade	26552.9	77.0
Service	8634.9	46.8
Urban Agriculture	5736.2	68.8
Others	507.9	29.3
Total	62055.3	62.0

Source: Regional data and MUDC, 2004

The data collected from the target towns of Oromia showed that during 1998-2003, domestic market link had been created for 3726 MSEs. Comparatively, most of the market link is created for those

MSEs involved in construction, trade and service sectors. But, only very few MSE have received facilitation to foreign market links.

Table-3.25: Number of MSEs for whom domestic market link is created by sector.

Sector	1998	1999	2000	2001	2002	2003	Total
Textile & Garment	2	2	10	5	24	18	61
Leather and Leather products	1	1	2	3	1	1	9
Food and Beverage processing	1	7	13	36	30	37	124
Metal works and engineering	17	19	40	62	62	75	275
Wood works	15	15	57	81	91	94	353
Hand crafts and Ornamental works	0	0	3	12	5	7	27
Construction	14	39	189	318	426	411	1397
Trade	15	43	77	107	211	191	644
Service	14	28	72	149	176	200	639
Urban Agriculture	4	7	18	27	48	52	156
Others	3	14	5	8	5	6	41
Total	86	175	486	808	1079	1092	3726

Source: Regional data and MUDC, 2004

One of the objectives of the government all rounded support to MSEs are to enable them graduate to medium enterprises. The success achieved in this regard is minimal in the sense that only 126 MSEs were graduated to medium enterprises.

The data showed that most of the graduates (63%) were from wood and metal work, and construction sector; and nearly 90% of the graduation took place in 2002 and 2003 EC. One critical information obtained from the MSE offices in many towns in the region, in addition to what has been described in other regions, is that there is no clear rule regarding graduation of MSEs to the next level. In this case, many experts have mentioned the lack of a clear guideline regarding:

1. the number of years a given MSE can stay in a given stage of development
2. the number of years at which the support the MSE receives phases out
3. the number of year a given MSE can stay in the working premise (be it a vacant land, shade or a building) given to it
4. the amount of capital it should register to graduate to the next level, and etc

Table-3.26: Number of MSEs that graduated to medium enterprises by sector

Sector	1998	1999	2000	2001	2002	2003	Total
Textile & Garment	0	0	0	0	0	4	4
Food and Beverage processing	0	1	1	1	7	9	19
Wood and Metal works	1	1	1	4	5	37	49
Construction	0	0	0	0	5	25	30
Municipality Service	0	0	0	0	0	2	2
Urban Agriculture	1	1	1	1	1	6	11
Others	0	0	0	0	2	9	11
Total	2	3	3	6	20	92	126

Source: Regional data and MUDC, 2004

The number of government bureaus/agencies providing one stop services to MSEs was increasing over the period under consideration in the Oromia National Regional State. For instance, six towns have reported that they have started providing one stop service in 1998. But this number has increased nearly by five fold in 2002 and 2003. This implies that about 60% of the towns selected from Oromia have been providing one stop service to MSEs by the year of 2003.

It has also been indicated that the number of MSEs receiving audit service was increasing over the period 1998-2003. Most of the MSEs who had received the audit service belonged to trade, service and construction sectors.

Table-3.27: Number of MSEs that have received audit services by sectors.

Sector	1998	1999	2000	2001	2002	2003	Total
Textile & Garment	0	5	3	1	9	23	41
Leather and Leather products	2	2	3	5	3	7	22
Food and Beverage processing	12	17	8	23	23	34	117
Metal works and engineering	6	11	14	31	51	89	202
Wood works	11	40	44	53	103	177	428
Hand crafts and Ornamental works	0	0	0	7	3	3	13
Construction	9	17	80	112	128	241	587
Trade	40	78	121	141	302	634	1316
Service	18	46	58	130	173	376	801
Urban Agriculture	5	11	21	32	60	97	226
Others	0	8	0	3	0	1	12
Total	103	235	352	538	855	1682	3765

Source: Regional data and MUDC, 2004

In summary, the available data shows that the number of MSEs established in Oromia Regional State is much lower than those established in Amhara and Tigray regions. This is quite unexpected due to the land and population size of the region, and it is normally expected the other way round. On the other hand, the data showed that the support given to MSEs were not less than and in some cases even better than what was observed in other regions: a number of structures (shades and buildings), several capacity building trainings, large sum of loans and many market links were arranged and/or provided to MSEs. Even the proportions of towns providing one stop service have been higher than that of Tigray and equal the Amhara regions. Furthermore, the proportion of MSEs graduated to medium enterprises was found to be higher than both those of Amhara and Tigray region.

SNNP Region

It is indicated in the regional data that more than 7726 MSEs were established during 1998-2003 in SNNP,. The data collected from these selected towns of SNNP region showed that most of the MSEs were established by private individuals. Most of the established MSEs during 1998-2003 are in the trade, manufacturing, construction and service sectors.

Job Opportunities Created

At regional level, about 184,748 jobs were created by the MSEs and most of the jobs created by these MSEs in the sampled towns operate in trade (33%), construction (22.6%), and service sectors (16.2%). As can be seen below, trade and construction sectors are the leading in terms of job creation.

Table-3.28: Number of jobs created by sector and year in the sampled towns.

Sector		1998	1999	2000	2001	2002	2003	Total
Manufacturing	Permanent	303	560	698	550	1011	925	4047
	Temporary	43	87	110	243	309	529	1321
Trade	Permanent	180	662	995	1596	1226	1012	5671
	Temporary	14	48	54	267	296	241	920
Construction	Permanent	183	507	807	610	1023	1680	4810
	Temporary	68	198	394	504	854	1360	3378
Service	Permanent	334	485	457	575	682	636	3169
	Temporary	20	47	37	158	204	128	594
Urban Agriculture	Permanent	55	241	693	545	316	269	2119
	Temporary	4	0	9	32	34	32	111
Others	Permanent	0	121	57	12	9	6	205
	Temporary	0	5	5	19	23	33	85
Total	Permanent	1055	2576	3707	3888	4267	4528	20021
	Temporary	149	385	609	1223	1720	2323	6409

Source: Regional data and MUDC, 2004

Supports Provided

The municipalities of the cities/towns under consideration in this study in SNNPR had provided different structures (shades, buildings, etc) for production and marketing activities of MSEs. According to the data obtained from the region, during 1998-2003, a total of 206 shades and very few buildings had been made ready in different towns for production activities of MSEs. Like wise, the government has also been supporting the MSEs through the provision of land either for free or for a small amount of rent.

There are still other supports the MSEs have been receiving from the government. The capacity building trainings such as business management, cooperative management, vocational/technical trainings, entrepreneurship, bookkeeping and customer service trainings were given to several male and female members of the MSEs. At regional level more than 312 thousand MSE members have received different trainings. Similarly, 122,595 MSE members (including 60,640 females) have received vocational trainings during 1998-2003 in the SNNP.

However, in the sampled cities/ towns of the region, the number of MSE members who have received different trainings was about 283,535. As can be seen below, in most of the trainings, women constituted slightly higher than a third of the total participants.

Table-3.29: Number of MSE members who have received trainings by year

Types of Trainings		1998	1999	2000	2001	2002	2003	Total
Business Management Training	Total	3980	5435	16004	20653	23970	17786	87828
	Female (%)	32.1	30.8	35.5	37.1	37.5	38.9	36.7
Cooperative Management Training	Total	384	701	1663	1900	1397	2509	8554
	Female (%)	33.9	26.8	23.5	17.8	37.0	42.5	30.7
Vocational (technical) Trainings	Total	652	1856	5643	8764	11297	9968	38180
	Female (%)	26.7	20.9	31.3	35.3	32.2	30.1	31.6
Entrepreneurship Training	Total	3672	4181	9516	10123	12428	12145	52065
	Female (%)	34.2	32.8	32.5	39.4	38.7	46.2	38.7
Bookkeeping Trainings	Total	2424	2904	7908	7527	10076	12118	42957
	Female (%)	37.5	30.5	35.8	38.8	42.5	39.3	38.6
Customer Service	Total	2955	3355	6930	8569	12203	14182	48194
	Female (%)	36.9	29.9	35.8	41.2	38.7	38.9	38.1
Other Trainings	Total	100	240	1467	2564	399	987	5757
	Female (%)	32.0	33.8	28.8	49.2	57.1	45.7	43.0
Total	Total	14167	18672	49131	60100	71770	69695	283535
	Female (%)	34.4	30.0	33.9	37.9	37.9	39.2	36.8

Source: Regional data and MUDC, 2004

The data showed that the trainings were provided by government bureaus (MSE Agencies), NGOs and TVET colleges.

In addition to the trainings one of the supports provided to the MSEs were arranging credit facilities. At regional level this loan amounts to more than 514 million. And, data collected from the sampled towns indicate that, during 1998-2003, nearly 125 million Birr was transferred to MSEs in the form of loan (as there are some regional towns that did not provide data). As can it be seen from the table below, significant proportion of the channeled money was granted to those MSEs engaged in construction, service and urban Agriculture.

Table-3.30: Amount of loan provided to MSEs by sector and year (in '000 Birr)

Sector	1998	1999	2000	2001	2002	2003	Total
Textile & Garment	146.0	174.6	656.9	988.7	899.1	1223.2	4088.6
Leather and Leather products	480.0	1504.0	4061.5	2273.3	859.3	1977.9	11155.9
Food and Beverage processing	15.5	347.9	1250.4	1688.9	1815.4	1662.0	6780.1
Metal works and engineering	40.0	155.0	503.0	130.0	322.8	284.7	1435.5
Wood works	273.0	381.6	822.0	1059.0	1615.2	1740.5	5891.4
Hand crafts and Ornamental works	10.0	0.0	0.0	0.0	0.0	0.0	10.0
Construction	380.0	2598.3	7276.2	2613.5	1513.5	2057.4	16438.9
Trade	1792.4	2390.6	8267.8	12277.5	13313.9	9771.4	47813.6
Service	1994.0	863.0	3993.2	4275.5	3434.6	1684.2	16244.6
Urban Agriculture	42.3	804.7	3774.0	1730.4	3031.3	5396.8	14779.5
Others	0.0	87.0	0.0	0.0	0.0	16.9	103.9
Total	5173.3	9306.8	30605.0	27036.9	26805.1	25814.9	124742.0

Source: Regional data and MUDC, 2004

The loan repayment rate, in this region, can be considered as promising. Excluding those repayments from handcraft and ornamental works (due to unavailability of data), during the same period, about 82 million birr loan was repaid by the MSEs. This implies that the loan repayment rate was 65%.

Table-3.31: Amount of loan repaid by sector and year

Sector	1998	1999	2000	2001	2002	2003	Total
Textile & Garment	154.4	82.0	251.8	566.4	715.7	241.4	2011.7
Leather and Leather products	30.0	1471.5	1522.2	230.2	370.4	190.3	3814.6
Food and Beverage processing	14.0	117.2	1078.4	1379.9	647.2	918.3	4154.9
Metal works and engineering	546.9	495.2	986.4	411.7	449.6	329.1	3218.9
Wood works	137.0	226.7	685.7	478.3	1084.2	1260.5	3872.4
Construction	95.1	925.4	2236.9	1262.9	841.1	1225.1	6586.6
Trade	1270.0	1380.3	3997.5	6693.0	5143.6	3443.7	21928.1
Service	1272.1	1119.3	5627.3	3131.8	3310.9	15585.8	30047.2
Urban Agriculture	61.4	1064.9	1507.5	347.5	1170.6	1768.8	5920.6
Others	0.0	0.0	73.3	0.0	2.0	0.0	75.4
Total	3580.8	6882.6	17966.9	14501.8	13735.3	24963.0	81630.4

Source: Regional data and MUDC, 2004

In an attempt to create domestic and foreign market links, 2,932 MSEs had got domestic market links during 1998-2003. As can be seen from the following table, the number of MSEs who have received market links have showed an increasing trend over the study period. Comparatively,

construction sector, followed by trade and urban agriculture sectors have been provided with better market links than others.

Table-3.32: Number of MSEs for whom domestic market links was created by sector

Sector	1998	1999	2000	2001	2002	2003	Total
Textile & Garment	14	21	11	35	70	39	190
Leather and Leather products	1	0	0	0	12	15	28
Food and Beverage processing	4	16	24	35	50	68	197
Metal works and engineering	8	13	16	20	41	56	154
Wood works	22	26	39	70	51	76	284
Hand crafts and Ornamental works	0	2	6	3	12	6	29
Construction	55	56	216	194	211	253	985
Trade	24	17	6	124	120	90	381
Service	20	31	20	43	83	108	305
Urban Agriculture	21	25	54	101	83	68	352
Others	1	1	5	6	6	8	27
Total	170	208	397	631	739	787	2932

Source: Regional data and MUDC, 2004

Data obtained from the regional office shows that the MSEs have got revenues of about 629 million birr from these market links. The data indicates that most of the revenues were collected from domestic market links created to construction (418 million Birr), wood works (72.2 million Birr), and agro-processing (67 million Birr), metal and engineering works (56.6 million Birr).

The foreign market links created for MSEs, however, were far below the achievements registered by domestic market links in the six years time (1998-2003). Only 28 MSEs have been supported to get foreign market links. As can be seen below, the foreign market links were particularly facilitated to those operating in textile and garment as well as leather and leather products sectors.

Table-3.33: Number of MSEs for whom foreign market links was created by sector

Sector	1998	1999	2000	2001	2002	2003	Total
Textile & Garment	1	4	4	2	4	0	15
Leather and Leather products	1	0	3	5	4	0	13
Total	2	4	7	7	8	0	28

Source: Regional data and MUDC, 2004

Providing one stop services was also one of the strategies designed to support MSEs. In this regard, improvements have been observed during 1998-2003, in the sense that in 1998 only two towns had

claimed to have provided one stop service; whereas in 2003, a dozen of towns reported that they were providing one stop service for MSEs. Furthermore, in the period 1998-2003, a number of MSEs have received audit services. During the period under consideration, a total 372 MSEs have received this particular services in this region.

Table-3.34: Number of MSEs that have received audit services by sector and years.

Sector	1998	1999	2000	2001	2002	2003	Total
Textile & Garment	0	0	1	0	2	3	6
Leather and Leather products	0	0	0	0	0	0	0
Food and Beverage processing	0	3	3	5	8	17	36
Metal works and engineering	0	1	1	3	5	9	19
Wood works	3	5	8	7	17	23	63
Hand crafts and Ornamental works	0	0	0	1	1	2	4
Construction	2	9	17	25	45	63	161
Trade	0	0	2	1	3	5	11
Service	1	3	3	6	10	24	47
Urban Agriculture	0	2	4	4	6	5	21
Others	0	0	0	0	2	2	4
Total	6	23	39	52	99	153	372

Source: Regional data and MUDC, 2004

Graduation to medium enterprises is among the main goals of MSEs. In this regard, it has been observed that a moderate success has been achieved in SNNP. While there was no graduation prior to 2000, about 39 MSEs have graduated in 2003. Between 2000 and 2003, a total 66 MSEs have graduated to medium enterprises. As can be seen below, most of the graduates belong to construction and metal and wood works sectors.

Table-3.35: Number of MSEs that graduated to medium enterprises by sector

Sector	1998	1999	2000	2001	2002	2003	Total
Wood and Metal works	0	0	2	3	3	14	22
Food and Beverage processing	0	0	0	2	1	5	8
Construction	0	0	0	4	0	19	23
Leather and Leather products	0	0	0	0	1	0	1
Others	0	0	0	4	2	1	7
Total	0	0	2	13	7	39	61

Source: Regional data and MUDC, 2004

To sum up, thousands of MSEs have been created in SNNP and as a result tens of hundreds of jobs were created for the youth population in the region. It was observed that good number of MSEs was engaged in production of real goods.

The proliferation of MSEs in SNNPR is the result of many factors. The physical and population size together with the all rounded support given by the regional government contributed much to the growth of MSEs. The supports include providing working areas and trainings, granting loans, creating foreign and domestic market links, providing audit services and more importantly, implementing one-stop-services have contributed for relative success of MSEs. The ultimate objective of providing all rounded support was to enable MSEs graduate to medium enterprises. But the success achieved in this regard was moderate.

Somali National Regional State

Regional level data related to MSE in Somali regional state indicates that there are only about 135 MSEs created across the region during the period under consideration. And, data collected from targeted towns of Somali region showed that during the period 1998-2003 only 55 MSEs were formed as cooperatives but no MSE was created by individuals and trade associations. Sectoral wise, data collected from the sampled towns indicates that no MSE was established in the area of textile and garment, leather and leather products, wood works, and handicrafts and ornamental works. The following table shows established MSEs by sector and year.

Table-3.36: Total number of MSEs established by sector and year

Sector	1998	1999	2000	2001	2002	2003	Total
Manufacturing	1	1	0	0	2	2	6
Food and Beverage processing	1	0	0	0	2	1	4
Metal works and engineering	0	1	0	0	0	2	3
Construction	0	0	0	0	4	5	9
Trade	1	3	0	1	4	5	14
Service	0	0	0	0	6	0	6
Urban Agriculture	3	0	1	0	3	6	13
Total	6	5	1	1	21	21	55

Source: Regional data and MUDC, 2004

Since the data on the amount of job opportunities created by these MSEs is too fragmented and scanty, it is impossible to make valid inference on this issue. But from the available data, it is observed that the jobs created by these MSEs were negligible considering the population and land size of the region.

The structures made ready by the selected towns' administration for the MSEs were found to be inadequate. No structures were made ready or provided for production and marketing activity of the MSEs except the single shade which was made ready in 2002. In terms of area, about 0.2ha and 0.5ha were provided for MSEs for production and marketing activities, respectively.

The support given to MSEs was also weak. According to the data collected from targeted towns of Somali region, only 50 MSEs have received consultation and information support from the regional government bodies.

The MSE agency has provided a number of capacity building trainings to some members of MSEs. The data showed that members of MSEs in construction and urban agriculture sectors had received the capacity building trainings more than others. The trainings offered include business management, cooperative management, vocational/technical, and entrepreneurship. But no trainings were provided on other important subjects such as bookkeeping and customer service.

Table-3.37: Types of trainings offered and number of participants by year

Types of Trainings		1998	1999	2000	2001	2002	2003	Total
Business Management Training	Total	116	42	6	10	192	199	565
	Female (in %)	47.4	100.0	50.0	100.0	28.1	51.3	47.1
Cooperative Management Training	Total	116	42	6	10	192	169	535
	Female(%)	47.4	100.0	50.0	100.0	28.1	55.6	48.2
Vocational (technical) Trainings	Total	116	64	6	10	192	169	557
	Female(%)	47.4	73.4	50.0	100.0	28.1	55.6	47.2
Entrepreneurship Training	Total	116	42	6	10	276	150	602
	Female(%)	47.4	100.0	50.0	100.0	50.0	50.0	54.0
Total	Total	464	190	24	40	852	687	2259
	Female(%)	47.4	91.1	50.0	100.0	35.2	53.1	49.2

Source: Regional data and MUDC, 2004

Unlike those MSEs in other regions, the MSEs in Somali region had received only small amount of loan. The available data showed that during 1998-2003, less than half a million Birr was given to MSEs as loan. But none of these loans were repaid during the periods under consideration.

Table-3.38: Amount of loan provided MSEs by sector and year (in '000Birr).

Sector	1998	1999	2000	2001	2002	2003	Total
Food and Beverage processing	0	0	0	0	15	5	20
Metal works and engineering	0	0	0	0	0	20	20
Construction	0	0	0	0	5	0	5
Trade	20	39.5	0	8.8	10.8	0	79.1
Service	0	0	0	0	253	0	253
Urban Agriculture	46	0	5	0	24.6	37	112.6
Total	66	39.5	5	8.8	308.4	62	489.7

Source: Regional data and MUDC, 2004

The strategy also stipulates that MSEs should get market links in order to sustain themselves in the market. In this regard, the data shows that during 1998-2003, none of the MSEs operating in Somali region had either foreign or domestic market links. During the same period, none of the MSEs had also received audit service. On the other hand, one town had reported that it had been providing one stop services to MSEs to its MSEs in the years 2002-2003.

To wind up; though information on MSEs was mostly incomplete, the available data shows that very few MSEs were established in Somali region and created insignificant jobs to the youth. It was observed that most of the MSEs were engaged in trade and urban agriculture. While the support given to MSEs was generally insignificant, on the contrary it was reported that thousands of MSE members have received different capacity building trainings.

Benishangul Gumuz Regional State

At regional level, about 151 MSEs (all as cooperatives) were established between 1998 and 2003. Sectoral wise, 3 were in Textile and garment, 10 in wood works, 55 in construction sector, 20 in urban agriculture, 35 in service, 12 in trade, and 6 in metal works and engineering sector.

The data collected from targeted towns of Benishangul Gumuz regional states was incomplete. The available data showed that no MSE was established between 1998 and 2002. In 2003, however, about 23 MSEs were established (all by cooperatives) in the area of manufacturing, textile and garment, construction, trade, service, and urban agriculture; and have created only 6 permanent jobs in the construction sector. At regional level, however, the MSEs have created about 1093 jobs (mainly in construction and wood works sector)

In the selected towns of the region, there were no structures (shades and buildings) made ready and provided to MSEs for production and marketing activities, but about 121ha of land was provided for marketing activities of MSEs. While the number of structures made ready at regional level is unknown, it was reported that about 8 ha of land was provided for production and marketing activities of MSEs.

In terms of trainings, capacity buildings trainings (mainly vocational/technical trainings) were given to 11 MSE members working in construction sector. And, at regional level 308 MSE members have

received the trainings. Furthermore, 162 and 196 members of MSEs have received cooperative management and entrepreneurship trainings respectively.

At regional level, about 0.74 million Birr loan was granted to MSEs. Most of the loan was granted to those engaged in construction, wood works, and textile and garment. It was also reported that a third of the loan granted in the period under study was repaid in the same period.

However, very small amount of loan was provided to the MSEs during 1998-2003 in the targeted towns of the region. During the same year, there were neither domestic nor foreign market links. Although 5 MSEs of the region have received audit service, none of the MSEs established in the selected towns had received audit services, and none of the towns selected had provided one stop services to MSEs. Under such conditions, no MSE is expected to graduate to medium enterprise. This is what was reflected in the data.

In summary, the available data shows that very few MSEs were established in Benishangul Gumz region and so was the job creation. The support given to MSEs was generally insignificant.

Gambella Regional state

Data collected from the region showed that during the period under study about 87 MSEs were created (all by cooperatives). In selected towns of the region, although there were no MSE established prior to 2000, between 2000 and 2003, about 60 MSEs were established. The data indicated that in the selected towns of the region, no MSE established by private individuals and trade associations, implying that all the MSEs were established by cooperatives. As can be seen below, most of the established MSEs were engaged in manufacturing, wood works, and service sectors.

Table-3.39: Sectoral distribution of the established MSEs by year.

Sector	1998	1999	2000	2001	2002	2003	Total
Manufacturing	0	0	0	1	8	6	15
Wood works	0	0	0	1	8	6	15
Construction	0	0	0	0	4	2	6
Trade	0	0	0	1	2	0	3
Service	0	0	2	2	8	4	16
Urban Agriculture	0	0	0	1	2	1	4
Others	0	0	0	1	0	0	1
Total	0	0	2	7	32	19	60

Source: Regional data and MUDC, 2004

Though no data was available on the amount of jobs created by the MSEs established in the selected regions, it was reported that at regional level about 441 jobs were created by MSEs.

In all the selected towns, during 1998-2003, there were neither shades nor buildings made ready and provided for production and marketing activities to the MSEs. In the same period, no land was also provided for the activities of MSEs. The support and trainings provided to MSEs during 1998-2003 is still negligible. The data collected from selected towns of Gambella showed that only five members of MSEs had received vocational/technical training in 2000EC. At regional level, however, about 32 MSEs members have received such training.

Furthermore, it is reported that no MSE had received loan during 1998-2003. During the same year, there were neither domestic nor foreign market links created for MSEs. Furthermore, none of the MSEs, had received audit services, and none of the towns selected had provided one stop services to

MSEs. Under such conditions, no MSE is expected to graduate to medium enterprise. This is what was reflected in the data.

In summary, the available data shows that fewer MSEs were established in Gambella region and created a very few job opportunities to the youth. But it was observed that most of the MSEs were engaged in production of real goods. The support given to MSEs was generally insignificant.

Harari

In Harari regional state, about 379 MSEs were established during 1998-2003. As can be seen below, most of them were operating in construction sector. The data showed that only 2 MSEs were established in 1998 but the establishment was intensified in 2003 and the number exceeds tens of dozens. But data on the type of establishment (as private individuals, trade associations or cooperatives) is not available.

Table-3.40: Sectoral distributions of established MSEs by year

Sector	1998	1999	2000	2001	2002	2003	Total
Manufacturing	1	8	6	5	3	0	23
Textile & Garment	0	1	1	0	1	0	3
Leather and Leather products	1	0	0	0	0	0	1
Food and Beverage processing	0	3	2	2	1	0	8
Metal works and engineering	0	4	3	3	1	0	11
Construction	0	67	6	48	68	134	323
Urban Agriculture	0	3	4	3	0	0	10
Total	2	86	22	61	74	134	379

Source: Regional data and MUDC, 2004

Though the number of MSEs created in this region was lower than the case in many regions, the job they created surpasses one's expectations. The data showed that the MSEs had created about 18,759 jobs in the area of manufacturing, construction, and urban agriculture.

The numbers of shades and buildings as well as the land provided to MSEs were not properly documented. But from the fragmentally reported data, we observed that during 1998-2003, 20

shades, one building, and 57,400m² of land was provided for production and marketing activities of MSEs.

Many MSE members were benefited from the capacity building trainings provided by the MSE Agency. As can be seen from the table below, beside vocational/technical trainings, the members were given short term trainings in such important areas such as business management, entrepreneurship, bookkeeping, and customer service.

Table-3.41: Number of MSE members received trainings, by type of trainings and years.

Types of Trainings		1998	1999	2000	2001	2002	2003	Total
Business Management Training	Total	0	1436	52	3121	3253	1192	9054
	Female(%)	—	34.8	48.1	41.7	46.1	71.3	46.1
Vocational (technical) Trainings	Total	0	1436	52	3121	3253	1192	9054
	Female(%)	—	34.8	48.1	41.7	46.1	71.3	46.1
Entrepreneurship Training	Total	0	1436	52	3121	3253	1192	9054
	Female(%)	—	34.8	48.1	41.7	46.1	71.3	46.1
Bookkeeping Trainings	Total	0	1436	52	3121	3353	1192	9154
	Female(%)	—	34.8	48.1	41.7	44.7	71.3	45.6
Customer Service	Total	0	1436	52	3121	3253	1192	9054
	Female(%)	—	34.8	48.1	41.7	46.1	71.3	46.1
Total	Total	0	7180	260	15605	16365	5960	45370
	Female(%)	—	34.8	48.1	41.7	45.8	71.3	46.0

Source: Regional data and MUDC, 2004

The MSEs engaged in the construction sector had received loans from the government. Between 1999 and 2003, more than 16 million Birr was given to MSEs of this sector in the form of loan. However, only a quarter of the loan is repaid during the same period.

Foreign market link was created for none of the MSEs. But domestic market link was created for 179 MSEs engaged in construction sector. MSEs in other sectors could not get even the domestic market link.

The region's MSE agency claimed that in the study period, it has been providing one stop service to MSEs. On the other hand, none of the MSEs had received audit services and no MSE had graduated to medium enterprise.

Dire Dawa City Administration

Data collected from Dire Dawa city MSE agency showed that about 437 MSEs were established during 1998-2003. The job opportunities created by MSEs during the period under study was about 45,177. The data showed that most of the jobs (more than 85% of them) were created by the MSEs operating in construction sector.

Table-3.42: Number of jobs created by the MSEs

Sector		1998	1999	2000	2001	2002	2003	Total
Manufacturing	Permanent	-	426	1960	455	725	-	3566
	Temporary	-	0	1317	195	422	-	1934
Construction	Permanent	-	11051	2550	1172	9796	-	24569
	Temporary	-	2200	4300	228	2895	-	9623
Service	Permanent	-		337	6		-	343
	Temporary	-		0	24		-	24
Total	Permanent	-	11477	4847	1633	10521	-	28478
	Temporary	-	2200	5617	447	3317	-	11581

Note: 1998 and 2003 data was not available

Source: Regional data and MUDC, 2004

Though data on structures provided to MSEs by city administration of Dire Dawa was fragmented, the available data showed that between 1999 and 2000, about 24 shades were made ready for production activities of MSEs. During the same years, about 6 buildings were made ready for marketing activities of MSEs. In terms of provision of working area, the only available data was that in 1999, about 17 ha of land were used for production and marketing activities of MSEs.

The MSEs have received different support from the government. But most of the detailed data were not still available. The only available data is on the type of trainings provided to different members of MSEs. The data showed that vocational trainings were given to 10,959 male and 3,164 female members of MSEs. Furthermore, entrepreneurship trainings were given to 2,861 male and 7,861 female members of MSEs. The data showed that beside the MSE Agency of the city administration, 2 NGOs and 2 TVET colleges were involved in provision of trainings to the MSE members.

Provision loan and/or arranging loan facilities was one form of the support the government provides to MSEs. In this regard, huge amount of money was channeled to MSEs by Dire Dawa City administration. The data showed that between 1998 and 2003 nearly 28.1 million Birr was transferred to MSEs in the form of loan. Unlike the experience of many regions, the loan repayment rate was found to be good. The data showed that during the period under study, about 25 million Birr (71.4%) was repaid by the MSEs. But data on the sectoral distribution of the loan and loan repayments was not available.

While foreign market link was created for none of the MSEs, domestic market link was created for hundreds of MSEs. The MSEs for whom domestic market link were created belongs to textile and garment, food and beverage processing, metal works and engineering, construction, service and urban agriculture sectors. In the study period (1998-2003), the domestic market link created for MSEs of the city administration generated revenue of more than 99 million Birr.

The MSE agency has reported that in the years 1998-2003, it was providing one stop service to the MSEs. On the other hand, none of the MSEs had received audit services and no MSE had graduated to medium enterprise.

To sum up, while large number of MSEs were created in the city administration though most of them were engaged in trade and service than production of real goods. The contribution of MSEs to job creation is found to be significant and encouraging. Comparatively, the proportion of MSEs engaged in construction sector was lower than the case of many regions. But the sector created more new job than all sectors except the service sector. The MSEs have been provided various types of supports: working places, loans, capacity building trainings, and market links. Obviously, these supports were expected to strengthen the development of the MSEs and enable them to graduate. However, it is disappointing to have no MSEs graduated to medium enterprises. Furthermore, coverage of audit service and provision of one stop service were found to be unsatisfactory and needs improvement.

Addis Ababa City Administration

Though Addis Ababa is believed to be the place where MSEs were prolific, all sub-cities of Addis Ababa could not provide a complete and sufficient data on the issue. However, data obtained from the region and MUDC indicates that there were about 9750 MSEs established during the period

under consideration creating job opportunities for more than 570 thousand people and the number of jobs created by these MSEs was significantly increasing over the study period.

In contrary to the fact that land is very scarce in Addis Ababa as compared to regional towns, the city is found to be better in terms of availing land and structures for production and marketing activities for MSEs. The data showed that more than 2167 and 10480 shades were made ready for production and marketing activities to MSEs, respectively. Furthermore, more than 64 buildings were made ready and were provided to different MSEs for the same activities. In terms of land, nearly 46 ha and 12 ha of land were allocated for the same purpose, respectively.

While the city administration has been providing support to MSEs, the exact numbers of MSEs which have been supported per year were not properly recorded and/or data was not provided. The available data showed that in the year 2002 and 2003 alone tens of thousands of the MSEs have received information and consultation support. The supports were provided mainly to those MSEs in textile and garment, food and beverage, construction, Urban Agriculture, service, and Metal works and engineering sectors.

Though the provision of capacity building trainings was one of the major tasks of MSE agencies, well documented data on number of MSEs and MSE members who have received capacity building training is still incomplete. But, the only available data indicates that a total of more than 95,250 members of MSEs have received diverse capacity building trainings during the specified years.

One of the supports, the city administration was providing to MSEs was provision of loan. In this regard, huge amount of money was channeled to MSEs established in Addis Ababa. The data showed that between 1998 and 2003 about 1.2 billion Birr was transferred to MSEs in the form of loan. However, the loan repayment rate was found to be birr 822,051,140, which is roughly around 70% of the total loan.

In addition to this, as part of the promotion of the saving culture program, these MSEs have succeeded in saving more than 372,257,944 birr during the same period.

Another striking fact is that none of the sub-cities of Addis Ababa could provide the domestic and foreign market links created to MSEs. Nor could they provide the revenue gained from such market links. The good news is that the all rounded support provided by the MSE agencies of Addis Ababa

during 1998-2003, enabled about 210 MSEs to graduate to medium enterprises. The data showed that wood works, construction and metal works were the top three sectors from which most of the graduated MSEs come from. Together, the three sectors constituted more than 85% of the graduates.

The data showed that MSE agencies in all sub cities have been providing one stop services since 2001. In principle, all MSEs need to get audit service annually. While the MSE agencies were stating that the service were being provided as required, there was no complete data on the number of MSEs who have received these audit services. The available data showed that while about 80 MSEs have received audit service in 2003, the number of MSEs who have received the service has increased to nearly fourfold in subsequent year.

In summary, the job opportunities created by the MSEs surpass ones expectation and found to be encouraging. And, comparatively, the proportion of MSEs engaged in construction sector was higher than the case of many regions. The MSEs have been given various types support: working places, loans, capacity building trainings, and market links. Unlike other regions, one stop service was given in all sub-cities of the administration. These supports have strengthened the development of the MSEs and as a result, more than 210 MSEs have graduated to medium enterprises. Furthermore, coverage of audit service was better than most of the regions.

3.2. Integrated Housing Development Program (IHDP)

Introduction

“Lack of adequate shelter, poor sanitation, insufficient and unsafe water supply... characterizes the extent of poverty in Ethiopia. Inaccessibility to these basic needs have adverse effect on health conditions, environmental safety and the general well -being of the society at large.”(PASDEP, 2005)

This quote, directly taken from the PASDEP (2005) indicates the diverse and complex problems the urban centers in the nation are faced with. It is to mitigate and, if possible, to avoid such problems that the Ethiopian government formulated its famous Industry and Urban Development Package in the year 2006 GC. Though the problems are diverse and complex in their nature, it was necessity to make choices and prioritize areas with pressing problems. The Industry and Urban Development Package of 2006 GC has the following four programme components: the Integrated Housing Development Programme (IHDP), the Micro and Small-Scale Enterprises (MSEs) Development Programme, Public Participation and Youth–Oriented Environmental Development Programme. This watershed period clearly indicates the commitment the government has shown towards the urban sector development which was not so obviously admitted in the previous decades. Specifically, the IHDP and the MSE programmes are claimed to have brought enormous changes to the lives of the people and the cities at large.

The IHDP, as the name itself signifies, integrates several activities and targets at things that are believed to have the capacity of altering the housing and poverty situation in many towns and cities across the nation. There are eight goals that are clearly outlined in the IHDP. One of the major goals of this programme is the construction of 400 thousand housing units in 72 urban centers across the nation; thereby creating job opportunities for the unemployed people; and hence, helping the disadvantaged groups in urban centers like the poor and the women to own houses,. It is clearly indicated that from 20 to 30 percent of the outputs of the IHDP will be reserved for the women in these urban centers. On top of this, the programme also envisages to enhance the capacity of the contractors through the introduction and promotion of new low cost construction technology, provision of loan and machineries etc. In addition to directly intervening in housing supply, the strategy also upheld the role of the government in creating a favorable environment for the actors to

engage in the sector and produce housing units for the needy. This includes encouragement of private builders, cooperatives and real estate developers.

It is indicated in the previous parts of the report that the famous IHDP is a multi-targeted programme that envisages creating a favorable climate for its potential beneficiaries in many ways. The major ones in this case are the construction of about 400,000 housing units during the four year programme periods of 1998 to 2002 E.C. In addition to these housing units, it is planned that the private sector (property developers, housing associations and private home builders) will construct between 500,000 and 600,000 housing units, for which the city/ town authorities will provide land, infrastructure and services. Provision of housing units for the IHDP also aims at reducing urban sprawl through following a strategy of densification or increased compactness that reduces costs of development. It is also clearly indicated in the programme document that the targets will be the middle and low income urbanites, and women living in medium and large cities. It also targets the youth; as it has a component related to job creation through the promotion of MSEs (i.e., the Private sector). Besides, the semi- and highly skilled professionals will also be engaged in the construction industry. Generally it was intended to create about 200,000 job opportunities for citizens who could participate in the sector in the specified years.

Initially, the IHDP, with a different name of the “The Grand Housing Programme”, was started with the assistance from the GTZ/IS, an international NGO sponsored by the government of Germany in 2003 G.C in Addis Ababa, which was later scaled up to about 58 towns in all over the nation. The launching time of the programme differs across regions depending on the time it took for preparation and endorsement by the federal government. For instance, as a pilot test and a pioneer for the programme; the city of Addis Ababa adopted the programme in 2004, which even predated the formal launching of the programme at the national level in 2006 GC.

The following table summarizes the targets the programme sets out to meet in the PASDEP period. As can be seen from this table, the programme is planned to be implemented in the four major regions: Tigray, Amhara, Oromiya and SNNP, Harari regional state and the two federal city administrations, Dire Dawa and Addis Ababa. This is later expanded to the developing regions. For being the pioneer in the sector and the capital city of the nation, the city of Addis Ababa has already implemented the housing development programme under the name of the “Grand Housing Project”. However, other regional towns have gotten the green light from the federal government in the later

years, most of them after the year 2007 and other developing regions in 2011. Generally, it is shown that the programme has an objective of building over 400 thousand housing units (including the 396,000 residential and more than 40,000 commercial units) all over the nation by the end of the planning period.

Table 3.43: Initial Programme targets of the IHDP

Region	1999*		2000*		2001*		2002*		Total	
	No of town	Housing units	No of town	Housing units	No of town	Housing units	No of town	Housing units	No of town	Housing units
Oromia	11	9020	14	12,628	18	18040	23	27060	66	66748
Amhara	7	6710	10	9394	13	13420	18	20130	48	49650
SNNP	7	4950	9	6930	12	9900	16	14850	44	36630
Tigray	5	4070	7	5698	9	8140	12	12210	33	30118
D.Dawa	1	1650	1	2310	1	3300	1	4950	1	12210
Harari	1	1100	1	1540	1	2200	1	3300	1	8140
A.A	1	33000	1	38500	1	55000	1	66000	1	192500
Total	33	60500	43	77000	55	110000	72	148500	194	396000

Source: Regional data and MUDC, 2004

* All the years mentioned in the section are in Ethiopian Calendar if not qualified

As shown in the above table, the programme initially targeted a progressive growth in the number of project towns from 33 in 1999 to 72 in 2002 in all over the nation. However, as will be discussed in the subsequent parts, the success of expanding the projects to the regional towns appeared to be very limited.

Major Programme Outputs at National level

As can be seen from the following table, the data obtained from the Federal Level indicates that about 143,223 thousand housing units have been built or are under construction as a result of this programme, which is about 37 percent of the 400 thousand housing units planned to be constructed during the plan years under the IHDP. It is clear that these figures represent facts on the ground until the period of 2003 EC. However, very recent official figures from the MUDC indicate that the IHDP has so far produced more than 207,100 housing units across the nation. This, when evaluated against the national target of 400 thousand, though the planning period is over, indicates a performance of about 52 percent. It is still possible to evaluate the program in terms of what it has achieved in delivering its products to the hands of the final users. As can be seen from the following table, about 83.3 percent of the constructed houses have been transferred to end users.

Table 3.44: Regional Distribution and typologies of Houses Constructed by the IHDP across the nation

Region	Number of towns	Studio	One Bed Room	Two Bed Room	Three Bed Room	Commercial and others	Total constructed	Transferred
Oromia	17	3890	7084	4282	2536	1404	19,196	8,979
Amhara	12	2839	9253	6536	631	826	20,085	13,655
SNNP	12	1130	3131	2996	604	704	8,565	7,889
Tigray	12	1553	3472	2917	829	853	9,624	3,968
D.Dawa	1	448	1192	619	181	200	2,640	2,440
Harari	1	354	1032	983	278	93	2740	2,146
Somali	1	16	32	32	16		96	---
B/Gumuz	1	4	16	8	4		32	---
A.A	1	12,968	31,169	23,430	7086	5592*	80,245	80,245
Grand Total	58	24010	57525	42764	12572	10,574	143,223	119,322

Source: Regional data and MUDC, 2004

*excludes the 535 communal units

Though there are some disparities between data from different sources, there is a clear indication that the programme has delivered an unprecedented amount of houses to Addis Ababa, and other regional cities/towns. All regions, including Addis Ababa and Dire Dawa, have been executing the projects using different sources of finance. The following table presents the amount of loan availed to the regions and cities from the Commercial Bank of Ethiopia (CBE) to execute the projects.

Table3.45: The amount of loan provided to regions from CBE in millions from 1999 to 2002 in million

S.No	Regions	1999	2000	2001	2002	2003
1	Tigray	66	299	317	721	
2	Amhara	182	420	538	1,307	
3	Oromia	116	684	723	1,639	
4	SNNP	107	337	397	870	
5	Harari	18	81	88	149	
6	Dire Dawa	16	132	132	177	
	Total	505	1,953	2,195	4,863	
7	A.A.	588.8			3,200	
Grand Total		1,093.80	3,906.00	4,390.00	12,926.00	4.2 Billion

Source: Regional data and MUDC, 2004

In addition to providing houses for the needy, the IHDP also aims to strengthen the capacity of the local contractors. To this end, many contractors have benefited from the programme in different ways. The following table shows the number of local contractors that have participated in the programme in the specified years.

Table 3.46: Contractors that Participated in the IHDP in the nation in different years

Year	Regional distribution of Contractors								
		Tigray	Amhara	Oromia	SNNP	Harari	Dire Dawa	Addis Ababa	Total
2000	Existing	122	401	407	179	32	47	576	1,764
	New	25	19	38	25	5	3	124	239
	Total	147	420	445	204	37	50	700	2,003
2001	Existing	102	91	407	238	18	54	354	1264
	New	43	115	38	25	5	12	236	474
	Total	145	206	445	263	23	66	590	1738
2002	Existing	102	91	407	238	18	54	428	1,338
	New	43	115	38	25	5	12	346	584
	Total	145	206	445	263	23	66	774	1,922

Source: Regional data and MUDC, 2004

It can be inferred from the above table that a substantial number of contractors have been participating in the programme in the city of Addis Ababa. This is due to the extent of the project in the city. It has been indicated in the previous sections that more number of housing units have been constructed in the city of Addis Ababa than in any other regional town, and the number of the contractors participated is just the reflection of this. When one evaluates the growth of the contractors in the successive years it can be observed that several of them are created in the specified years. For instance, 239 new contractors were created in the year 2000 and this number grew to 474 and 584 in the following two years, 2001 and 2002 respectively. However, the termination of the projects in many of the cities/towns in the regions may threaten the growth of the number of these contractors in the future. Generally, by the end of 2002, it can be seen from the table that about 1922 contractors have participated in the program across the nation out of which 584 are newly formed ones.

In addition to increasing their number, different capacity building activities have been performed by the ministry to strengthen the contractors participating in the programme. The supports include the provision of different construction machineries on a long term loan basis; supporting professionals form cooperatives and engaging them in the projects; giving access to the scarce local and imported construction inputs; etc. These supports the government has been providing to the sector are described in the following table.

Table 3.47: Capacity Building activities undertaken by the government for the private sector under the IHDP.

	Activities	2000	2001	2002
1	Freight Vehicles	200	500	449
2	Dump Trucks	200	580	220
3	Loaders	100	18	99
4	Crushers	65		
5	Rollers			99
11	Loans provided for these association of engineers	300,000		

Source: Regional data and MUDC, 2004

In addition to this, the IHDP has contributed for the creation of 20 new consultants in addition to the existing 12 ones. The following table indicates that these consultants mushroomed as a result of the supports the government has extended to them while participating in the IHDP. Addis Ababa, Oromia and Amhara regions, as shown in the following table, have more number of these consultants in the years under consideration.

Table 3.48: Regional distribution of consultants

Year	Regional distribution of Consultants								
		Tigray	Amhara	Oromia	SNNP	Harari	Dire Dawa	AA	Total
2001	Existing	1	1	1	-	-	1	8	12
	New	4	-	8	7	1	-	-	20
	Total	5	1	9	7	1	1	8	32
2002	Existing	1	1	1	-	-	1	8	12
	New	4	-	8	7	1	-	-	20
	Total	5	1	9	7	1	1	8	32

Source: Regional data and MUDC, 2004

This massive housing programme undertaken in most of the major towns and cities of the nation has consumed a great deal of inputs, some of which were very difficult to procure during that time. It was because of this severe shortage that the government was forced to intervene and avail some of the crucial inputs for construction like cement, and reinforcement bar. The government has been trying to fill the gap by importing cement and reinforcement iron bars from the overseas, and also helped local MSEs produce aggregate for the projects. The amount of inputs and other supports the government has been providing to the housing sector are:

1. 1149 freighter trucks, 1000 dump trucks, 217 loaders, 65 crushers, 99 rollers were availed by the government to the local contractors on a long term loan to enhance their capacities.
2. 1,269,500 tons of imported and 255,000 tons of locally produced cement, respectively, 204309.8 tons of locally produced and 6000 tones of imported reinforcement iron bars, respectively, were also purchased with the support of the government as contractors could not find these products on the local market due to the shortage created in the construction inputs.
3. 257 engineers formed cooperatives and joined the IHDP (with a loan of birr 300,000 per association), 132 new consultants have entered into this sector with a support from the

government and 8 expatriate designers have also taken part and shared their experiences and helped the project.

Regional program outputs

Addis Ababa City Administration

When comes to the city level, this programme is administered by the Addis Ababa Housing Development Project Office (AAHDPO). The office executes activities like land preparations, executing design works, purchase and supply of major inputs and coordinating activities and institutions such as the MSEs and others. As part of the decentralization process, many of the tasks such as site selection, administering the construction, organizing the MSEs, organizing the construction materials, and supervision are now delegated to offices formed at sub-city levels.

It is clear that there have been supports being extended from the government to make the housing units affordable to the urban poor and the middle income people. The data obtained from the AAHDPO strengthens this fact, and accordingly; all expenditure titles that include land leveling and soil disposal, compensation payments, sewerage line lying costs, electric and water connection expenditures (partly) and road construction (external) are totally borne by the government. Therefore, the price of the housing units only includes items like the direct construction costs, the recurrent expenditures of the project, design and consultancy expenditures, interest on bank loans, and costs for the basic services related to the housing units are totally borne by the government, Home owners did not incur any of these payments.

The construction of these housing units took place in different phases in the city of Addis Ababa. The first and the pioneer projects constructed by the city administration with the support from the GTZ/IS are about 5,242 houses and have been fully transferred to owners before the IHDP period. And, in general, more than 80,245 houses have been built until the year of 2003 E.C. The continuation of the construction beyond the PASDEP period has added up to the existing stock of houses in the city and it is found out that the city has so far constructed more than 140 thousand housing units. The following table summarizes the distribution of these housing units by typology in the city of Addis Ababa, which were constructed and transferred to owners until the end of 2003.

Table 3.49: Housing units produced by IHDP by typology in Addis Ababa.

Typology	Years			
	1996 - 1998	1999 - 2000	2001-2003	Total
Studio	5,922	4,844	2,202	12,968
Single Bedroom	11084	11196	8889	31169
Double Bedroom	11717	7068	4645	23430
Three Bedroom	1,770	2,132	3,184	7,086
Commercial	1727	2465	1400	5592
Total	32,220	27,705	20,320	80,245

Source: Regional data and MUDC, 2004

The number of these housing units transferred to the end users is equal to the constructed ones (80,245). When we see the sex composition of the owners who received the houses, about 44,949, which is about 56%, are females whereas the rest 35,416 (44 %) of them are male owners.

On top of this, many Micro and Small Enterprises (MSEs) have participated in the IHDP as part of the job creation component of the programme. The data obtained from the project office reveals that more than 7,031 MSEs have been engaged in the activity in the period under investigation and thousands of jobs have been created as the result.

Tigray National Regional State

As indicated in the previous parts, the IHDP had different phases. The second phase was to expand the program to the regions, among which Tigray is one. The construction of houses under the IHDP was launched in this region in 6 towns in 1999 E.C., which later reached 12 in the succeeding years. It was initially planned to construct 30,118 housing units in the region in the remaining four years of the PASDEP. However, the data obtained from the MUDC indicates that about 9,624 and 3,968 have been constructed and transferred to end users in this region, respectively. However, the projects came to a halt in many of the towns after two years. When one compares the number of constructed houses with the planned ones it can be seen that the achievement is very dismal.

Table: 3.50 Number of Houses constructed and transferred in Tigray

S.No	Typology	Constructed	Transferred
1	Studio	1553	607
2	One-bedroom types	3472	1,409
3	Two-bedroom	2917	1,297
4	Three-bedroom	829	331
5	Commercial /others	853	324
Total		9,624	3968 (41%)

Source: Regional data and MUDC, 2004

A total of 115 hectares of land has been used for this project. And as indicated, out of the constructed houses only 41% have been transferred to the end users as of the end of 2003 E.C. This relatively low transferred number of constructed houses can be partly attributed to the lack of effective demand from the buyers' side. According to the information obtained from the region's Housing Development Agency, this lack of demand has been an enormous challenge in some towns in transferring the constructed houses to the potential buyers on time, which in some cases (in some smaller towns) took a very long time to do so.

When one evaluates the share of each sex from these transferred housing units, it can be observed that about 35.4% of it went to women, which even surpassed the national target as in Addis Ababa, (the national target stipulates that women shall get at least from 20-30% of the transferred. It can, therefore, be safely inferred from these figures that the region performs well in terms of achieving an inter-gender equity regarding the transferring of the houses constructed under the IHDP.

The other crucial issue worth mentioning in line with the IHDP is the infrastructure supply revolution that comes along with the IHDP. It has been repeatedly described that the IHDP is not only about the housing unit it finally delivers, but also it targets the provision of infrastructure up to the sites, which is totally paid from the city's/town's or region's own budget. Different infrastructure and services are, therefore, provided to the newly created neighborhoods formed by this intervention in the Tigray region. However, it is very unfortunate that only few towns/cities keep the data on their infrastructures in coordinated and systematic manner.

Amhara National Regional State

Data from the region and MUDC indicates that the IHDP in Amhara region is being implemented in 12 cities/towns. The following table summarizes the number of houses constructed and transferred to owners in the Amhara region.

Table 3.51: Number of houses constructed and transferred to owners in Amhara regional state

S.No	Typology	Constructed*	Transferred *
1	Studio	2839	2473
2	One-bedroom types	9253	5911
3	Two-bedroom	6536	4248
4	Three-bedroom	631	498
5	Commercial / others	826	4,615
Total		20,085	13,655 (68%)

Source: Regional data and MUDC, 2004

The Urban Development Policy of 2006 indicates the regional share out of the total 396 thousand residential housing units it envisaged to be constructed in all over the nation in the planning period. Out of the total, the Amhara region was allocated 49,654 housing units, which will be constructed in 7 towns by 2006/07 GC and later to be expanded to 18 Towns by 2009/10 GC. To this end, around 20,085 housing units have been constructed in the region so far, which is around 40% of the plan.

Out of the constructed ones, as indicated in the data collected from the region, only 13,655 (68%) have been transferred to the owners. If one investigates the sex composition of the owners only 20.6% is transferred to women. This figure is close to the lower threshold of the national target, which is 20%. This makes the region among those that need to do more to improve the situation.

Regarding the land prepared and used for the housing projects in the region, the data indicates that more than 100 hectares have been utilized for the construction of these houses and around 30 hectares for the production of inputs for the projects.

It has also been reiterated in the programme document that the housing project, as the name itself is composed of the word INTEGRATED, is also aimed at enhancing the capacity of existing local

contractors and creating new ones. As a result, many companies have been formed following the launching of the project in different towns of the region. The following table indicates the number of construction companies formed and participated in the IHDP in the Amhara Regional State. And, these construction companies have also hired more than 50 foremen in the project years, which supplemented the capacity building and job creation endeavor of the government. The construction companies have received different kinds of supports from all tiers of the government. It is indicated in the regional data that more than 77 companies have received training from government bodies during this period and 22 consultants have also participated in the project in the specified years.

Table 3.52: Number of lower grade construction companies formed under IHDP in Amhara regional state

S.No.	Grade of the Construction company	Number of companies
1	Grade 6	240
2	Grade 7	70
	Total	310

Source: Regional data, 2004

It is clear that there are also many MSEs that were engaged in the construction and related activities while the houses were under construction. Data obtained from the region indicates that 995 MSEs have participated in construction and input supply activities during the period. Out of these, 348 have received loans from different institutions, one of the supports the government intends to provide to the operators. The other form of support the MSEs are entitled to get from the government is short term training. As indicated in the regional data more than 30 MSEs have received this form of training in the specified periods. The data collected from the towns specifies that these MSEs have created job opportunities for more than 25,064 thousand people out of which 8736 are permanent (only 25% are women) and 16,328 are temporary ones (37% are women). If one reads between the lines of these figures related to gender it can be observed that the proportion of women in the permanent jobs is less than their proportions in the temporary ones. This is an indication that there is much work to be done by the region and the central government to bring the women to the professional life. The larger number in the temporary jobs is also an indication that many women have defied the tradition that views a woman as weak and incapable of executing non-domestic physical works.

It is also given in the data that many towns have been providing different kinds of trainings to these MSEs that have created jobs for the many. The following list indicates the number of MSEs that received training on different areas in the Amhara regional state. Some of them are:

- Electric installation (95 MSEs)
- Plumbing (57 MSEs)
- Pre-cast beam (133 MSEs)
- Bricks and pipe production (142 MSEs)
- Cobble stone for the internal roads (119 MSEs)
- Metal and wood works (--- MSEs)
- Finishing works (77 MSEs)
- Gravel and sand production (170 MSEs)

Oromia National Regional State

In Oromia Regional State about 51 towns have been surveyed to get different data on housing and related issues. As repeatedly described in the previous parts, there are many actors in the housing sector. The Urban Development Policy also identifies the following major actors in the implementation of the programme; individuals, cooperatives, real estate developers and the government. Although the different actors mentioned here and others participate in the housing sector in the planning periods in this region, the intervention made by the government was very significant during this period. The data obtained from the Ministry indicates that 17 towns have received such housing by the IHDP in the 6 year period for which this study is conducted and larger number of towns got the project as of the year 2000 E.C.

As the data obtained from the regional towns is not complete and is available only for 14 towns, the study relies on the data obtained from the Ministry for the analysis which has a data from 17 towns. Accordingly, as shown in the subsequent table, more than 19,196 housing units have been built in the region and the share of each typology is given in the following table.

Table 3.53: Housing by typology built by the IHDP in Oromia regional state

S.No	Typology	Constructed	Transferred*
1	Studio	3890	1988
2	One-bedroom types	7084	3328
3	Two-bedroom	4282	1762
4	Three-bedroom	2536	1222
5	Communal/ other(Dormitory)	1404	
Total		19,196	8979

Source: Regional data and MUDC, 2004

As can be seen from the table, the majority of these housing units is single bed types; while the second and third place are taken by two bedrooms and studio types, respectively. Analysis is also made on the distribution of the houses transferred to the owners across gender. According to the data collected from the 14 towns, it is indicated that 24% of the houses are transferred to the women, and the remaining 76% went to men. Even though the figures are within the range as stipulated in the policy, it can be seen that still more needs to be done to support the women own homes as being done in Addis Ababa.

Besides, it is shown in the data collected from the towns that about 480 contractors were involved in the projects, and 54 of them have received support from the government in the form of loan and training in Oromia Regional State. In addition to this, 31 consultants and 261 foremen have also been actively engaged in the project in the cities/towns of this region. Other parties which benefited from the programme are the construction material renting companies.

The other stakeholders in the construction of the houses are the MSEs. According to the data collected from 14 towns, there are more than 1610 MSEs created to supplement the programme and 351 and 277 of them have received loan from financial institutions and land from local administrators to support their operation, respectively. From this, it is indicated that more than 39,000 job opportunities have been created in the sector in the region (the data is obtained from about 8 towns only, others did not provide data on the matter; hence, these are not complete regional figures). The government has also been supporting these MSEs in the form of training and 750 of them have received it in the period in this region. Some of the MSEs that received training are given as follows:

- Electric installation (95 MSEs)
- Plumbing (57 MSEs)
- Pre-cast beam (88 MSEs)
- Brick and pipe production (99 MSEs)
- Cobble stone for the internal roads (109 MSEs)
- Finishing works (157 MSEs)
- Gravel and sand production (127 MSEs)
- Stone masonry (18 MSEs)

Southern Nations, Nationalities and Peoples (SNNP)

Like all other towns and regions discussed so far, the SNNP has witnessed many actors in the supply of housing to the people in need. And, one of the major interventions in the housing sector in the region, like other regions, is the introduction of IHDP. This programme, which made the government an important actor in the sector, has brought a tremendous change to some of the towns in the region in many ways. It has provided relatively decent houses for the beneficiaries, in addition to the creation of jobs and maintaining the incomes of citizens in the region. Specifically, the programme has produced different kinds of houses amounting to 8,565 housing units in the 12 towns as indicated in the following table.

Table 3.54: Housing typologies built in the SNNP by the IHDP

S.No	Typology	Constructed	Transferred
1	Studio	1130	933
2	One-bedroom types	3131	3016
3	Two-bedroom	2996	2868
4	Three-bedroom	604	584
5	Commercial/others	704	488
Total		8,565	7,889

Source: Regional data and MUDC, 2004

The data collected from the towns reveals that more than 78 hectares of land has been allocated and used for the IHDP and around 53 hectares has been given out for input production sites. On top of this, the government was also very active in supplying infrastructures to the sites which got the new houses.

MSEs were also important partners in the housing projects in different towns across the region. It is indicated in the data that more than 978 MSEs have participated in the programme, out of which 520 received working premises i.e., land / shades and 678 have received loan from financial institutions. These MSEs have created more than 26,000 job opportunities for jobless people in 8 towns across the region.

As shown in the previous paragraphs, the MSEs which participated in the IHDP have received different forms of training during their stays in the programme. This includes the ones mentioned in the following list. These are:

- Electric installation (37 MSEs)
- Plumbing (26 MSEs)
- Pre-cast beam (69 MSEs)
- Cobble stone for the internal roads (99 MSEs)
- Finishing works (307 MSEs)
- Gravel and sand production (128 MSEs)
- Stone masonry (18 MSEs)
- Metal and wood works (56 MSEs)
- Other construction activities (28 MSEs)

Harari and Dire Dawa

Even though many actors have been listed in the IHDP as having a role to play in the housing provision, many towns and cities do not have the tradition of recording and keeping the data of all of them; like data related to the individual builders, housing cooperatives, real estate developers, and NGOs. This is, unfortunately, what happened in the two eastern big cities, Harar and Dire Dawa. Though large scale housing constructions are being witnessed in the cities by the aforementioned actors, the cities have not reported anything about the contributions of these actors. That is why this part of the report fully dedicates itself to the outputs of the IHDP.

Both these cities have started the construction of the houses under the IHDP in 1999 E.C. They have built different typologies commonly known in other parts of the nation. The following table summarizes the different typologies built and transferred in the two cities with a financial outlay of

199,000,000 and 879,941,999 birr in Harar and Dire Dawa respectively (as the data collected from the regions shows)

Table 3.55: Amount of Different Housing typologies built and transferred in Harar and Dire Dawa

S. No	Typology	Harar		Dire Dawa	
		Constructed	Transferred	Constructed	Transferred
1	Studio	354	261	448	448
2	One-bedroom types	1032	836	1192	1192
3	Two-bedroom	983	799	619	619
4	Three-bedroom	278	250	181	181
5	Commercial/others	93	76	200	46
Total		2740	2146	2640	2440

Source: Regional data and MUDC, 2004

The majority of these houses built in the two cities have been transferred to the end users. When one evaluates the sex composition of house owners of the IHDP in these cities, it can be seen that 40% are women in the city of Harar, where as in Dire Dawa it is 38.7%.

As cities and towns used to do across the nation, these two cities have allocated plots of land for the success of the project. The data obtained from the cities indicates that 21 and 8 hectares of land have been allocated for the project in the cities of Harar and Dire Dawa respectively. In addition to this, the two cities have supplied the project sites where housing units were constructed with new infrastructures which have definitely led into huge financial outlays

As part of the capacity building programme to the contractors, the government has intentionally called in the involvement of private contractors into the programme and as a result many contractors have managed to improve their grades to the next tiers. In these cities too, there was a widespread involvement of contractors in the sector. And, according to the data obtained from the two cities, more than 98 contractors of different grades have participated in the programme, and there were also 4 consultants and 53 foremen that were part of the whole process.

Besides, as another bold step to strengthen the involvement of the private sector, both the federal and local governments have been very keen to supporting the MSEs engaged at different stages of the construction. Generally, more than 250 MSEs participated in the housing project in the two cities

creating job opportunities for more than 16 thousand people in the localities. The MSEs involved in the project have been continually receiving trainings from the different bodies at different times. The following data tries to corroborate this fact with figures. The MSEs have received training on:

- Electric installation (24 MSEs in Harar and 18 MSEs in Dire Dawa)
- Plumbing (27 MSEs in Harar and 12 MSEs in Dire Dawa)
- Pre-cast beam (MSEs in Harar and MSEs in Dire Dawa)
- Cobble stone for the internal roads (60 MSEs in Harar and 136 MSEs in Dire Dawa)
- Brick and pipe production (17 MSEs in Harar and 15 MSEs in Dire Dawa)
- Finishing works (10 MSEs in Harar and 75 MSEs in Dire Dawa)
- Gravel and sand production (58 MSEs in Harar)
- Other construction activities (1 MSE in Harar and 10 MSEs in Dire Dawa)

3.3. The Urban Good Governance Program (UGGP)

Introduction

The policy document of the Ministry of urban Development and Construction (MUDC) states that the Urban Good Governance Package (UGGP) initially has about seven sub-programmes under it. Some of these sub-programmes, which can be full-fledged programmes by themselves, have emerged as prominent ones, and as a result have seceded from their mother package, which finally started to be treated as a separate programme by themselves. A good example for this is the Urban Infrastructure sub-programme. There are also others whose impact cannot be directly measured but is spread all over the urban sectors. In other words, for programmes like the IHDP, there are specific institutions/offices that are directly responsible for the task and the outputs are tangible and easily measurable. This makes it simple for programme evaluators and policy makers to trace the status of projects and activities mentioned in such programmes and cure problems just as they appear. This is actually what happens in IHDP and MSE programmes. However, it becomes difficult for certain programmes like the justice reform sub-programme or the public participation sub-programme to see objectively measurable outputs as their impacts are felt across the sector, and the nation at large; and are not specific enough to be measured in many cases. As a result, it might be sometimes difficult to get specific figures regarding the impacts or performances of such sub-programmes in this report. However, a maximum effort has been exerted to see the overall status and impact of a certain sub-programme or activities undertaken under the UGGP.

Hence, as a result of the aforementioned reasons and the extended nature of the package, the ministry was forced to regroup the seven sub programmes introduced in 1999 into three in 2001 EC. These three sub-programmes are:

- the Urban Planning and Land System Improvement Sub-programme,
- Tax and Finance System Improvement Sub-programme, and
- Capacity Building Sub-programme.

The report, therefore, sometimes goes back and forth between these two sub-divisions since the implementation of the package was there in both categories during the implementation period of the UGGP.

Urban Planning and Land System Improvement

It has been indicated in the programme overview part that the UGGP has about six sub-programmes (as the infrastructure sub-programme will be treated separately). And, one of the sub-programmes included in the policy is the Urban Planning Improvement sub-programme. There are few projects planned to be implemented under this sub-programme as a means to achieve the intended targets. Among the activities planned is the preparation of Master/Structural plans for cities/towns. The data collected from the sampled cities/towns indicated that more than 94 towns (72% of the sampled towns) have prepared a new master/structural plan in the years under consideration (1998-2003EC). The following table summarizes the regional distribution of the towns that received plan in the six years.

Table 3.56: Regional distribution of towns with new master/structural plan

	Number of Towns with new master/structural plan as of 2003.		Total
	Towns that did not get new Master plan/SP	Towns that got new Master plan/SP	
Tigray	3	6	9
Afar	3	2	5
Amhara	4	24	28
Oromia	8	43	51
Somali	2	1	3
B/Gumuz	0	2	2
SNNP	13	13	26
Gambella	3	1	4
Harari	A	1	1
Dire Dawa	0	1	1
Total	36	94	130

Source: Regional data and MUDC, 2004

As indicated in the previous paragraph, the numbers indicated in the table refer to the number of towns which have prepared master/ structural plan in the stated years in the sampled ones. However, this does not reflect the national accomplishment regarding the specific task at hand. This is because there are a number of towns that are not included in the sample but are serviced with master/structural plans, basic plans or just base maps in the six years. Data obtained from the MUDC indicates that hundreds of towns received these services in the six years under consideration in

different regions. The following table summarizes figures attained in the nation pertaining to the preparation of different kinds of urban plans and related activities.

Table 3.57: Activities performed in towns in relation to urban planning

S.No	Activity	1999	2000	2001	2002	2003	Total
1	Towns which got satellite maps			10			
2	Building height study in AA					1	
3	Small towns with basic plans	7				195	
4	Towns which got base maps					344	383
5	Towns which got Master plan						490

Source: Regional data and MUDC, 2004

The other audacious task the ministry has been undertaking during this time was the small town development project. It is indicated in the programme that there are more than 829 small towns in the nation. It is therefore, for 600 of these towns that the project envisages to prepare basic plans in the stated years. It can be observed from the above table that 195 small towns got basic plans in the specified years, which is purely the result of the initiative mentioned in the urban development policy. The achievement in this case is, hence, about 33%.

In parallel with this, regions have also reported that they have trained their staffs for the preparation and implementation of the urban plans. The data collected from the sampled towns indicates that 5 professionals from Tigray, 18 from SNNP, 54 from Oromia, 30 from Gambella, 1 from Benishangul Gumuz, and 10 from Harari have participated in this training (data could not be found for other cities and regions) in the six years.

The policy also indicates that cities/towns need to establish a steering committee that oversees the urban planning and implementation processes. Accordingly, the data indicates that only around 31% of the surveyed towns responded that they have established a committee of such kind. This shows the level of effort that needs to be exerted in the future to form such committees as they are the ones which ensure the final output of the master/structural/basic plans prepared for cities/towns. The following table summarizes the proportion of towns that have established a steering committee for such activity.

Table 3.58: Towns with established steering committee for urban planning as of 2003 E.C

Presence of urban planning steering committee	Frequency	Percent
No	90	69.2
Yes	40	30.8
Total	130	100.0

Source: Regional data and MUDC, 2004

In addition to this, the policy also envisages encouraging the involvement of the private sector in planning process. This was intended to be executed through two ways of interventions. The first one is through helping the establishment of new planning teams; whereas the second intervention is intended through the provision of different trainings to the existing private planners. It is shown in the data that only few private planners received trainings from the regional urban planning institutes and the federal office on urban planning matters. It is reported that no new urban planning teams (which are called “AHAD” in Amharic) have been formed as stipulated in the policy so far. And, it is observed that nothing more than short listing of the teams has been done thus far.

The other important area of focus on the Urban Good Governance Programme is the activity being done in the area of the Land Development and Administration. As the issue of land is one of the most sensitive and debatable one, the realization of the targets mentioned in the programme, therefore, remains important.

One of the issues worth mentioning here under land development and management is the process of urban land lease implementation. The implementation of this project even predates the year which is considered to be the base year in this study report-1998 E.C. This is because there are some cities that have already implemented the urban land lease system prior to the year 1998 E.C, like the city of Addis Ababa. Nevertheless, the issue of leasing urban land was new to many regional urban centers by then. Let alone in 1998, there are still some regional capitals, as will be seen in the analysis part, which have not succeeded so far in implementing the lease system so far, like Jijiga and other growing regional towns/cities.

As can be inferred from the previous paragraph, regions are at different stages in implementing the urban land lease system. There are some regions that have successfully implemented the system and there are still others, like the Somali and Afar region which has a tribal based tenure system, have faced difficulties as implementation of the new system is in a head-on-collision with the traditional

land holding system, The following table summarizes the proportion of urban centers in the sampled towns that have implemented the lease system out of the total of 130 cities/towns. The data indicates only about 29% of the total sampled towns had put the system in place and started its implementation as of 2003. But this does not mean that these are the only urban centers in the nation that implemented the lease system. The ones mentioned here are towns/cities that have fully implemented the system and are included in the sample. Data from the ministry indicates that the number of towns that implemented the lease urban land holding system is well above 68.

Table 3.59: State of implementation of the Urban Land Lease Holding System by the year 2003 E.C

Region	Sampled towns	Number of towns that implemented the Lease system (%)
Addis Ababa	1	1 (100%)
Oromia	51	6 (11.7%)
SNNP	26	8 (30.8%)
Amhara	28	10 (35.7%)
Tigray	9	10 (100%)
Somali	4	0 (0%)
Afar	4	0 (0%)
Harari	1	1 (100%)
Dire Dawa	1	1 (100%)
Gambela	4	1 (25%)
Benishangul	2	0 (0%)
Total	131	38 (29%)

Source: Regional data and MUDC, 2004

These towns that have implemented the system were also asked to state the amount of land they have transferred under the lease system and it is observed that more than 11,065.07 hectares of land in the sampled towns have been already transferred to users using the this system in the specified six years. The three important years in which the majority of the figure falls are the years of 2001, 2002 and 2003 E.C, in which 2,788, 4262 and 3020 hectares of land were transferred using the new land lease systems respectively. But, one should not take these figures at their face values as there are some towns that do not keep their records in a proper manner and responded zero/none for the years they did not have data for. Hence, this shows that the exact figure of the amount of land supplied to users under the lease system will be definitely higher than the stated ones.

Revenue collected from lease by the cities/towns that responded that the lease system had been put in place during the six years is more than Birr 774 million. Out of which, more than Birr 360 million

is attributed to the city of Addis Ababa (which is actually the figure obtained only for three years: 2001, 2002 and 2003) and still there is a reservation from the study team about this figures as there are some towns that could not clearly state the amount of revenue they collected from this source. Hence, it is apparent that the revenue from this source could be by far greater than the stated amount.

The other issue worth investigating under the stated sub-programme is the Land Development and Supply activities. As can be guessed from the name itself, this task is mainly concerned with the issue of compensation, equitable distribution of land, the land bank issue and the introduction of optimum plot size, which have been the headaches of many urban centers across the nation.

Providing land for different purposes is the duty of city administrations. The programme also anticipates that land shall be adequately provided to the public and to those who need it, like investors and developers, in an equitable manner. Data collected from cities/towns also indicates that different towns have begun doing well in this matter in the stated six years.

The other activities implemented by cities/towns in the six years to improve the land development and supply system is the standardization of plots. In Tigray region, for instance, from the studied cities/towns only two towns have applied the system so far, namely Mekelle and Adwa. However, this figure has risen to five towns by 2003. A comparable number of urban centers in Afar region have also practiced similarly in the last six years. In the Amhara Region State about 16 towns have prepared a map for standardizing their plot sizes and slightly higher number of towns have also prepared this map in Oromia region too.

One can still raise another important activity cities/towns and cities have been implementing in the period, which is the land inventory or registration system. As of 2003 E.C, for instance, about 12 towns in SNNP, 22 towns in Oromia, 16 towns in Amhara, 3 towns in Afar have commenced land registration/inventory system and the figures are shown in the following table.

Table 3.60: Number of towns that commenced land registration (land inventory) in 1998 E.C

Status of towns that commenced land registration (land inventory) in 1998 E.C	Frequency	Percent
Did not commence registration	115	89.1
Commenced registration	14	10.9
Total	129	100.0

Source: Regional data and MUDC, 2004

Table 3.61: Number of towns that commenced land registration (land inventory) until 2003 E.C.

Status of towns that commenced land registration (land inventory) in 2003 E.C	Frequency	Percent
Did not commence registration	72	55.8
Commenced registration	57	44.2
Total	129	100.0

Source: Regional data and MUDC, 2004

Hence, as can be seen from the above two tables, the number of towns that implemented the land registration activity has increased from 14 to 57 in the six years under investigation.

The issue of compensation is a right clearly protected by the federal constitution. It is plainly stipulated that people need to be compensated whenever they lose their belongings due to interventions from the government. Those projects which are meant for the good of the public can be settled on any land at any condition, and it is stated that people need to be compensated if their possessions are affected by such interventions.

For instance, data obtained from the survey indicates that more than 218 hectares of land and more than Birr 436 million has been distributed to the evacuees as compensation in the city of Addis Ababa between 2002 and 2003 E.C. only.

A compensation system is said to be well functioning if it has a room for complaints. Accordingly, it has been also reported that more than 1,240 people have appealed against the rulings of local administrators about the amount of compensation in the two years time in Addis Ababa only.

In Tigray region, more than 210 hectares of land has been vacated for different public purposes. And, the data collected from the cities/towns in the region indicates that the evacuees have been compensated in an appropriate manner. Accordingly, about 335 hectares of land and 33 million birr has been given out to the people affected by this evacuation. Complaints were quite common during

the evacuation process and more than 500 of them have been formally filed only in five towns in these cities/towns in the region.

In the Amhara too, hundreds of hectares of land have been vacated for public purpose and compensation has been paid for it. The evacuees have been provided around 91 hectares of land and more than Birr 69 million has been extended as financial compensations to the affected people. In addition, 73 hectares of land are given (only in three cities/towns) to the evacuees showing that there is still a some problem of keeping data related to compensation and related activity. Appeal has also been filed in five cities, of which more than half of are in Kemise town.

In the Oromia region, the figure for compensation of evacuees is much higher than other regions. The amount of land allocated as a compensation to evacuees in the region measures about 591 hectares in 18 towns. A sizable proportion of this has been availed in Shashamanne (203 ha) and Burayu (102 ha). On top of this more than 128 million birr is also paid out in the form of financial compensation to evacuees in this region.

In this regard, it has been learnt that there are regulations in many cities/towns that make the matter more transparent and objective. However, the information obtained from the discussions made at different levels indicated that, in some cases of complaints, officials do not respond on a timely basis and turn down some complaints they receive from the public about land without a justifiable reason. Besides the lack of revising and updating the prices of products (estates) and generally the amounts extended to the public as compensation has led into confrontations with the public in rare instances.

The other important activity in the period under study is the introduction of new proclamations, rules, regulations, manuals, directives that will support the improvement of urban good governance. According to the information obtained from the ministry, different manuals, regulations and proclamations have been prepared and approved by the concerned organs and are being used by the urban centers. For instance, three rules have been developed for the implementation of the basis plan preparation of Small towns across the nation. These rules are:

- Regulation to form planning teams (“Ahad” in Amharic)
- Regulation for the formation of surveying teams, and
- Regulation for the formation of basic plan preparing teams.

Regulations have also been prepared to facilitate the loan to be provided for the surveying team. In addition to these, manuals that promote the preparation and implementation of Structural plans have been developed by the Ministry. This includes

- Local Development Plan Manual,
- Structural Plan Manual
- Transportation Planning Manual,
- Local Economic Development Plan Manual,
- Social Development Strategic Plan Manual,
- Integrated Urban Infrastructure and Service Plan Manual,
- Public Participation Manual
- Urban Expansion (Hinterland) Manual
- Urban-Rural Linkage Manual
- Urban Redevelopment Manual
- Urban (Town) Grading Manual
- Drainage Manuals, and others.

These manuals have already been prepared and distributed to the stakeholders. In addition to these, the revision of the existing structural and local development plan manuals, manuals for environmental socio-economic and physical studies of small towns are also prepared. Generally, the following table summarizes the majority of the documents which are prepared in the years under investigation by the MUDC.

Table 3.62: Legal frameworks prepared by MUDC during the years between 1998 and 2003

S N	Types of the documents	Name Of The Documents	1999	2000	2001	2002	2003
1. Related To Land Development							
	Policy	Land Development And Management Policy					1
	Proclamation	Proclamation To Implement The Land Development And Management Policy					1
		Urban Land Lease Proclamation				1	
	Regulation	Compensation Regulation		1			
		Model Regulations To Implement Land Development And Management Policy					8
	Law	Land And Real Estate Registration Law				1	
	Directive	Draft Directive On Tender	1				
		Directive To Implement The Lease Proclamation		1			
		Model Directive To Implement Land Development And Management Policy					
		Model Directives For Benchmark Lease Price Estimation			1		5
		Model Directive for Compensation Law		1			
	Manual	Draft Manuals for Implementing Land Lease Auctions			1		8
		Manuals for the Implementation of Land Development and Management Policy					
		Manuals for Benchmark Lease Price Estimation			1		
	Standard	Standards for the Implementation of Land Development And Management Policy					9
	Guideline	Guidelines for the Implementation of Land Development and Management Policy					3
2. Related To Urban Services And Infrastructure							
	Directive	Directives for Street Naming	1				
	Manual	Directives for Cobble Stone Roads	1				
		Directives for Awarding Contracts to Build Cobble Stone Roads		1			
		Manuals for Stone and Gabion Walls	1				
		Manual for Stone Surfacing					1
3. Related to Urban Finance and Finance Improvement							
	Regulation	Financial Management Regulation for Model Cities	1				
	Directive	Financial Management Implementation Directive for Model Cities	1				
		Revenue Improvement Manuals and Directives				1	
	Manual	Budget Preparation Manual		1			
		Manual That Helps Cities Uniformize Their Financial Management (Chart of Accounts)			1		
4. Related To Public Participation							
	Regulation	Draft Model Regulation on the Code of Conduct and Structures of the City and Kebele Councils	1				
	Directive	Model Directives on Public Structures and Their Formations	1				
	Manual	Manuals Prepared Based on UNDP's Programmes		12			

S N	Types of the documents	Name Of The Documents	1999	2000	2001	2002	2003
5. Related to Urban Planning							
	Proclamation	Draft Proclamation on Urban Planning		1			
	Regulation	Draft on Region Urban Plan Models	1				
	Manual	Manuals on Urban Plan Preparation and Implementation		7			
		Reviewing LDP and Structural Plan Manuals					2
6. Related To The Construction Industry							
	Proclamation	Building Proclamation			1		
	Regulation	Building Regulation					1
	Directive	Draft Model Directive for the Implementation of the Building Proclamation	1				
		Draft Model Directive for Towns (For Implementation)				1	
		Improved Building Directive					1
		Directive for Registering Contractors, Consultants and Professionals	1				
		Directive for Construction Materials Registration	1				
	Manual	Clay Blocks and Adobe Production Manuals	1				
	Others	Documents That Supplement the Implementation of the Building Proclamation	1				
		Documents That Enable Third Parties to Investigate The Technical Capabilities of Construction Machineries				1	
		Draft Criteria to Evaluated Contractors and Consultants	1				

Source: MUDC, 2004

Institutional Capacity Building and Human Resource Management

All planned activities end up nowhere without a capable and enhanced human and institutional capacity at all tiers of government structures. This is the reason why the Ministry of Urban Development and Construction has formulated this wing of sub-programme, the institutional capacity building and human resource management reform sub-programme. Many encouraging jobs have been done in this arena in terms of capacitating regional offices that fall in different categories. The first category consists of the four major regions Tigray, Amhara, Oromia and SNNPR, Harari and the two city administrations- Addis Ababa and Dire Dawa - which are believed to have a better capacity in terms of implementing the planned activities. The second cohort is composed of the relatively less developed regions of Afar, Benishangul Gumuz, Gambella and Somali that need extensive support from the central government.

That is why the Ministry has been extending unreserved supports to the latter categories in different ways. And, to avail these supports in an institutionalized manner to these regions, the Ministry has

prepared a policy document called the “Special Support Package”. This package contains customized Urban Development Programmes, like the Housing and MSE Programmes, which were mentioned in the Industry and Urban Development package which has been under implementation since 2006 in the other four regions. This is a very bold step toward in closing the gap between the two categories of regions in the nation.

One of the activities targeted to be done in the years under consideration under this sub-programme is the implementation of model city legal framework, institutional set up and land administration system. According to the data collected from the cities/towns survey, it is indicated that 54.6% of the sampled towns have implemented such system though the balance have not done this so far. The following table summarizes the implementation of this activity across the 130 sampled towns in the nation.

Table 3.63: Implementation of model city legal framework, institutional set up and land administration system as of 2003 E.C.

Implementation status of model city legal framework, institutional set up and land administration system as of 2003 E.C	Frequency	Percent
No	59	45.4
Yes	71	54.6
Total	130	100.0

Source: Regional data and MUDC, 2004

Besides, networking of cities and towns was also intended to be implemented in the planning years. And, it is observed that cities have created a network, and even an association that promotes the creation of a very good platform that will enable them share information and experiences among themselves. In addition to this, the city’s day, which facilitates this networking and experience sharing, is being celebrated and is creating a good ground for cities to learn from each other once in every year.

The other component of the sub-programme is the human resource development or training/education part. This is planned to be executed at different level of the organizational structures and at different places. The trainings are both planned for top managers and experts to be offered both in domestic and foreign institutions. The data presented below indicates that more than 2,284 top level management people and 2,694 experts have received trainings in domestic institutions in the six specified years with the budget of the government from the 130 surveyed

towns/cities. *(This, once again, does not mean that these are the only trained people by the support from the government in the specified year in all over the nation. The study team needs to caution the readers that this data only applies to 130 urban centers out of 970 in the nation.)*

These trainings focused on:

- The Urban Development Policy
- Urban Plan Preparation and Implementation
- GIS and Remote Sensing
- Gender And Leadership
- Small Town Development
- Urban-Rural Linkage
- BPR and Change Management
- Strategic Planning and Management, and Other Smaller Trainings.

The following tables show the distribution of these trainings across the two organizational tiers, top level management team and experts. The data is also disaggregated to show gender differences, if there are any.

Table 3.64: Top management that received domestic short term training

Sex	1998	1999	2000	2001	2002	2003	Total
Male	240	218	338	293	426	457	1972
Female	34	29	51	42	72	84	312
Total	274	247	389	335	498	541	2284

Source: Regional data and MUDC, 2004

Table 3.65: Experts that received domestic short term training

Sex	1998	1999	2000	2001	2002	2003	Total
Male	130	149	168	221	299	1127	1964
Female	44	54	68	82	103	249	600
Total	174	203	236	303	402	1376	2694

Source: Regional data and MUDC, 2004

In addition to the stated figures, the 130 surveyed towns/cities have also indicated that:

- 15 top management staffs from the 130 towns/cities have received short term trainings abroad,
- 40 experts received short term training in foreign countries from all towns surveyed (130),

- 351 Urban management staff have received post graduate education in domestic institutions,
- 130 received training on land management and administration, and
- 104 staffs also got training on land registration and certification in the surveyed towns/cities.

Generally, it can be seen in the following table that the MUDC has been exerting its maximum effort to train people and achieve the goals set in the policy documents. Data obtained from the ministry indicates that more than 108 thousand administrators and experts across the nation have participated in different trainings in 2003 alone, which were only 4,351 in 1999. (NB: there is double counting as the same official and/or expert may participate in different trainings at different times and counted twice or more, which opens door for double counting. For instance, one person may take training related to MSE once and may come back to get another training on UGGP, which may be reported as another second person). This has shown a jaw dropping growth rate of 1,411% across the six years under investigation. The majority of the trainees have received capacity building trainings related to the preparation and implementation of Urban Plans accounting for more than 42 thousand during the same time.

Table 3.66: Short-term trainings offered to urban administrators and other workers in six years in the nation (not only in the sampled towns).

S.No.	Type of the Short-term training	1999	2000	2001	2002	2003
1	On government policies, strategies and packages	346	54	700	56	0
2	Urban plan preparation, implementation and related issues	80	18	50	0	42,797
3	Urban good governance	0	0	1,029	23	246
4	Land development	0	0	0	50	183
5	Public sector capacity building	421	471	1,937		543
6	ULGDP		189	204	116	42,070
7	GIZ-UGDP					321
8	IHDP	1,037	1011	2742	2200	
9	MSEs	3,925	0	0	0	22,544
Total		5809	1743	6662	2445	108,704

Source: Regional data and MUDC, 2004

It still seems that the government has tightened its belts to improve the capacities of the local administrators through long-term trainings like the post-graduate education. Data obtained on this matter reveals that 2,081 urban administrators and experts have received their post graduate degrees

in the last six years from institutions, majority of which got it from the Ethiopian Civil Service University. For this, the government has allocated quotas for regions to train their urban management and expert staffs which is thoroughly presented in the following table too.

Table 3.67: Total number of urban management staffs and experts that received post-graduate degrees as the result of the programme.

SN .	Region	1999		2000		2001		2002		2003	
		Quota	Trained	Quota	Trained	Quota	Trained	Quota	Trained	Quota	Trained
1	Tigray	36	36	54	63	36	38	54	49	36	30
2	Afar	4	1	10	6	5	4	7	4	7	-
3	Amhara	98	89	145	121	95	78	143	127	95	57
4	Oromia	113	108	167	177	109	112	164	139	109	82
5	Somali	4	1	10	7	8	7	12	9	8	5
6	B/Gumuz	2	1	10	10	5	7	7	6	5	1
7	SNNP	57	58	86	83	58	78	87	89	58	44
8	Gambella	2	8	10	8	5	5	7	4	5	1
9	Harari	7	6	7	1	7	7	10	8	7	1
10	Dire Dawa	17	15	17	19	17	-	26	8	15	-
11	Addis Ababa	50	26	75	63	50	24	75	63	50	38
12	MUDC	5	2	10	9	3	3	5	3	3	1
13	Ethiopian Civil Service College	5	2	5	2	2	-	3	-	2	-
Total		400	353	606	569	400	363	600	509	400	260

Source: Regional data and MUDC, 2004

In addition to what has been mentioned so far, a tremendous work has been done in establishing towns as one legal entity that has many opportunities attached to it. The following table summarizes the proportion of cities/towns which have realized the status mentioned above. The following table, therefore, indicates that 108 (83%) of the 130 surveyed towns have received this legal status during the years between 1999 and 2003.

Table 3.68: Regional distribution of towns established by law as independent self administrating towns/cities as of 2003 E.C

Regions	Status of town regarding its establishment by law as independent (self administrating entity) as of 2003EC		Total
	Not established as a self administrating entity	Established as a self administration entity	
Tigray	0	9	9
Afar	1	4	5
Amhara	0	28	28
Oromia	14	37	51
Somali	0	3	3
B/Gumuz	0	2	2
SNNP	5	21	26
Gambella	2	2	4
Harari	0	1	1
Dire Dawa	0	1	1
Total	22	108	130

Source: Regional data and MUDC, 2004

In additions to this, towns/cities were encouraged to form their own city councils that can make decisions on different issues and also plays an advisory role to the mayors. Those towns which established their own city councils from the sampled towns are 106 (81.5%) as given in the following table.

Table 3.69: Towns having a city council across regions as of 2003 E.C

Regions	Status of towns about the presence of city council as of 2003 E.C		Total
	Towns without council	Towns with Council	
Tigray	0	9	9
Afar	1	4	5
Amhara	0	28	28
Oromia	16	35	51
Somali	1	2	3
B/Gumuz	1	1	2
SNNP	3	23	26
Gambella	2	2	4
Harari	0	1	1
Dire Dawa	0	1	1
Total	24	106	130

Source: Regional data and MUDC, 2004

As part of the Justice Improvement project towns/cities are expected to establish their own social courts in a way that the population can access it in the possible nearer locations. The data shown below has an indication that an encouraging achievement has been reached (about 76%) in delivering the justice system which is a locally administered and accessible system to the population that requires it. The following table presents the number of towns that availed this service to its population in the mentioned manner.

Table 3.70: Regional distribution of towns that established social court as of 2003 E.C

	Status of the towns regarding the establishment of a social court as of 2003 E.C		Total
	Towns without social court	Towns with social court	
Tigray	2	7	9
Afar	0	5	5
Amhara	3	25	28
Oromia	22	29	51
Somali	1	2	3
B/Gumuz	1	1	2
SNNP	2	24	26
Gambella	0	4	4
Harari	0	1	1
Dire Dawa	0	1	1
Total	31	99	130

Source: Regional data and MUDC, 2004

Last but not least, activities have been also made to see how close the towns have brought the security system to the population. According to the data obtained from towns 80% of the surveyed towns have established their own local system of ensuring security at societal level, which is well presented in the following table.

Table 3.71: Regional distribution of the towns having local security service as of 2003 E.C

	Status of the towns about the presence of security service as of 2003EC		Total
	Towns with no security service	Towns with security service	
Tigray	1	8	9
Afar	2	3	5
Amhara	3	25	28
Oromia	9	42	51
Somali	1	2	3
B/Gumuz	1	1	2
SNNP	7	19	26
Gambella	1	3	4
Harari	0	1	1
Dire Dawa	1	0	1
Total	26	104	130

Source: Regional data and MUDC, 2004

3.4. Urban Infrastructural and Service Improvement

Introduction

For a long period of time, the infrastructural development and services provided in cities/towns had been far below the optimum level. On the other hand, being home to millions of people, cities have the potential to stimulate economic growth only if the necessary infrastructure and service sector are well developed. In this regard, the PASDEP recognized that for cities/towns are sustainable center of development, it is a must to develop their infrastructure and improve the services to their residents thereof. To this effect, the urban infrastructure expansion program has been launched in 1999EC. For further planning and implementation of urban infrastructure development projects, the impact of previous projects and the current state of infrastructure development in urban areas must be evaluated. Though there were improvements in urban infrastructure development, the available data in most towns are quite fragmented and mostly incomplete.

One of the most prominent and effective projects undertaken under the infrastructure improvement program is the ULGDP (the Urban Local Government Development Project). 19 towns were selected from the four big regions and three cities across the nation, and millions of birr has been pumped into these urban centers mainly to improve the low infrastructural base of the towns and cities. The following table summarizes the amount of money that was invested in these regions disaggregated by its source.

Table 3-72: Money for the implementation of ULGDP regions (towns/cities) have received by source

S. No.	Regions	Contribution from Regions and Towns/Cities	Contribution from IDA transfer to cities	Total amount of money allocated to the towns/cities
1	Tigray	98,520,341.90	212,817,717.95	311,338,059.85
2	Amhara	147,493,702.92	425,608,469.55	573,102,172.47
3	SNNP	71,269,657.50	196,047,678.43	267,317,335.93
4	Oromia	178,937,253.10	435,874,292.97	614,811,546.07
5	Harari	39,160,185.00	95,376,004.58	134,536,189.58
6	Dire Dawa	47,626,277.00	146,914,149.68	194,540,426.68
7	Addis Ababa	85,000,000.00	184,374,069.43	269,374,069.43
Support for Implementation			37,150,000.00	37,150,000.00
Total		668,007,417.42	1,734,162,382.60	2,402,169,800.02

Source: Regional data and MUDC, 2004

Although such a huge money was pumped to the cities within a very short period of time (within three years (from 2001 to 2003), tremendous job has been done by the respective towns/cities in terms of improving their infrastructure. As can be seen from the table, more than 2.4 billion birr was used for the same purpose in the 19 towns and cities in the nation.

The following section provides a brief summary of the infrastructure development in selected towns of Ethiopia.

Tigray Regional State

Though 12 towns of Tigray were targeted for the survey, three towns (namely Maychew, Korem and Alamata), were excluded due to absence of data. In the surveyed towns, infrastructure development and working procedure improvement were found to be promising. This is reflected by the fact that most of the towns of Tigray had plans for infrastructure and revenue developments. On the other hand, during 1998-2003², only Mekelle town had fire fighting and emergency prevention and controlling procedures. The use of IT for tax administration and accounting was improving throughout the years 1998-2003. But in 2003, only about three towns have used IT for tax administration and accounting in the region. However, most of the surveyed towns reported that they had conducted infrastructure resource registration, capital investment plans since 2001. At regional level, a dozen of towns had conducted infrastructure resource registration, and had consolidated and organized basic urban profile. The number of towns who had implemented building proclamation was only four in 1998 but in 2003, the number has increased to six.

² All the years used in this section, like others, are in Ethiopian Calendar (EC), if not qualified.

Table-3.73: No. of Tigray Region towns that had improved working procedures

	1998	1999	2000	2001	2002	2003
No. of towns that had Integrated Urban profile	3	3	4	6	6	7
No. of towns that had fire fighting and emergency prevention and controlling procedures	1	1	1	1	1	1
No. of towns that had Information Network Infrastructure	1	1	2	4	5	5
No. of towns that had Infrastructure Investment Plan	3	3	3	6	7	8
No of towns that used IT based tax administration	1	1	1	1	1	3
No of towns that had Revenue Development Plan	4	4	6	7	7	8
No of towns that conducted Infrastructure Resource Registration	1	1	2	5	6	8
No. of towns that have implemented building proclamation	4	4	4	5	6	6
No. of towns that provided One stop service to MSEs	3	4	5	6	7	7

Source: Regional data and MUDC, 2004

Potable water supplied to urban residents per day was improving over the period 1998-2003. The data collected from surveyed towns showed that amount of water supplied per day per capita (in liter) has been doubled between 1998 and 2003 that has increased from 62.5% in 1998 to 65% in 2003. The same data revealed that between 1998 and 2003, about 56,307 and 105,214 new houses in all the surveyed towns have got separate water and electric meters, respectively.

Road construction, especially cobblestone and asphalt roads were intensified during the years 2001-2003. During this period, 111.5km cobblestone road, 777km gravel road, 2168km paved road, and 302 km asphalt road was constructed at regional level. Furthermore, 507 km drainage line was constructed. About 428 km cobblestone road, 159 km asphalt and 121.5 km new drainage line was constructed in the surveyed towns during 1998-2003.

Table-3.74: Infrastructure development in selected towns of Tigray

	1998	1999	2000	2001	2002	2003
Water Supply Coverage (%)	62.47	63.13	62.80	63.13	66.72	65.06
No. of Houses with electric meter	7840	9838	8911	8605	8829	12284
No. of Houses with separate water meter	4,248	9,725	15,974	21,827	23,194	30,246
New roads constructed with cobblestone (in km)	0	0	0	8.1	21.3	57.66
New roads constructed with gravel (in km)	66.17	0	0	133.7	121.75	173
New paved roads (in km)	151.97	0	0	15	2.8	3.2
New asphalt roads (in km)	0	0	0	47.5	52.3	59.7
Street light coverage (in km)	0.09	0.09	0.09	139.59	143.59	177.14
New sewerage line	0.62	0.62	0.62	31.57	49.93	38.07
No. of modern abattoirs	1	1	1	1	1	1
No. of modern youth centers	4	4	4	4	4	4

Source: Regional data and MUDC, 2004

Job opportunities created by road construction at regional level were not available. However data in the surveyed towns revealed, the sector has created about 2,092 jobs, out of which about 34% of jobs were created in cobblestone road construction. The regional data showed that the total length of roads with street lights increased from 1,921.4km in 2001 to 2,041.5km in 2003. But in the nine surveyed towns, it had increased from 0.09km in 1998 to 195.6km in 2003.

The surveyed towns had faced an acute shortage of construction material during the times in consideration. None of the towns had all the machineries used for construction (such as loaders, dump trucks, excavators, low beds, mixers, graders, etc all together). Not more than five towns had one or two of these machineries.

During 1998-2003, about half of the towns claimed that they had modern youth centers and modern bus stations. On the other hand, during the same time, only one town namely Mekelle had modern abattoir. Though claimed ‘modern’, the abattoir had used no technologies that prevent environmental pollution.

Afar Regional State

Though eight Afar region towns were targeted, three towns could not provide satisfactory data; and hence, are not included in the report. Data obtained from the region reveals that, before 2000, only

one town (namely Logia) had fire fighting and emergency prevention and controlling procedures. But after 2001, Asaita town had the same procedure. IT as a tool for tax administration and accounting was used after 2002 in Logia and Asaita towns. During the period under study (1998-2003), three towns of Afar (namely Asaita, Logia and Awash) had consolidated and organized basic urban profile.

Table-3.75 No. of Afar Region towns that had improved working procedures

	1998	1999	2000	2001	2002	2003
No. of towns with Integrated Urban profile				2	2	3
No. of towns with fire fighting and emergency	1	1	1	2	2	2
No. of towns with Information Network Infrastructure	0	0	0	2	3	3
No. of towns with Infrastructure Investment Plan	0	0	2	3	3	3
No of towns that used IT based tax administration	0	0	0	0	1	2
No of towns that had Revenue Development Plan	0	0	0	0	3	4
No of towns that conducted Infrastructure Resource Registration	0	0	0	1	4	4
No. of towns that have implemented building proclamation	1	1	1	2	4	4
No. of towns that provided One stop service to MSEs	0	0	0	1	1	2

Source: Town Level Survey Data, 2004

Up until 2000, none of the towns had conducted infrastructure resources registration and none had asset management plan or capital investment plan; but in 2003, all except Abala did have them all. Furthermore, before 2001, only one town (Logia) had implemented building proclamation but in 2003, all except Abala had implemented the proclamation. The data collected from the region showed that only two towns had established tariff reform manual.

Houses with separate electric and water meter had dramatically increased (tenfold and fivefold, respectively) during the period 1998-2003. According to the data collected from the regional bureaus, in 2003, about 8,900 houses and 6,000 houses had separate electric and water meters, respectively. The report from the sampled towns showed that none of the towns had all the machineries used for construction (such as loaders, dump trucks, excavators, low beds, mixers, graders, etc). Regional data showed that in 2003, nearly 60 km rods had street lights.

Table-3.76 Infrastructure development in selected towns of Afar

	1998	1999	2000	2001	2002	2003
Water Supply Coverage (%)				37	46	52
No. of Houses with electric meter				724	876	972
No. of Houses with separate water meter				219	321	346
Street light coverage (in km)	–	–	5	5	5	5

Source: Town Level Survey Data, 2004

The potable water supply coverage in surveyed towns of the Afar region shows an encouraging improvement, it had increased from 37% in 2001 to 52% in 2003. However during the period under study, none of the towns had modern youth centers, or modern bus stations or modern abattoirs.

Data on the amount of solid waste production and collection showed that about 50% of solid waste produced in all the sampled towns was collected. In 2003, there were four trucks who were devoted for solid waste collection, though none of the surveyed towns own the trucks. On the other hand, in the selected towns, more than 300 employed people by the municipalities in the selected towns were engaged in the solid waste collection work. In 2003, there were about 27 MSEs working on solid waste collection, out of which six MSEs with 69 people were in the surveyed towns. During 1998-2003, three towns, namely Dubti, Logia and Asayita, had demarcated solid waste disposal places, though the data from the region indicates that towns which have solid waste disposal place were about five. Until 2002, only Logia had (one) liquid waste collecting trucks. But in 2003, Awash had acquired two tracks engaged on same service. During 1998-2003, 185 employed people by municipality were engaged in liquid waste collection, out of which 16% were female. But there were not any organized as MSE on liquid waste collection. Until 1999, only Logia had prepared a liquid waste disposal place. But by 2002, Awash had also one liquid waste disposal place. During the period under study, no town had liquid waste treatment plant. And none of the houses in surveyed towns had been connected to sewerage line.

Amhara National Regional State

In all the surveyed towns of the Amhara region, working procedure reforms, though slow at early periods, were practiced in several towns. Regional level data were mostly incomplete but the available data showed that about 38 towns had established tariff reform systems in the years under

consideration in this study. Furthermore, it is reported that four towns had asset management, capital investment and revenue development plans.

Revenue reform manuals, revenue development plans, and tariff reform systems had been established and been practiced in more than 80% of the sampled towns. Furthermore, 60% of the towns had registered their infrastructure resources and had asset management plan. Similarly, more than 75% of them had prepared capital investment plan. In 1998, A quarter of the surveyed towns in the Amhara Region State had consolidated and organized basic urban profile. But the percentage had increased to 46% in 2003. During the period under consideration five towns (namely Bahir Dar, Kemise, Debre Birhan, Desse, and Gondar) had fire fighting and emergency prevention and controlling procedures. In 1998, IT was used for tax administration only by Debre Markos town and for accounting works only by Kombolcha town; but in 2003, 29% and 60% of the sampled towns used IT for administration and accounting works, respectively. At regional level, however, about 16 towns used Ibex for accounting in 2003.

Table-3.77 No. of towns in Amhara Region that had improved working procedures (cumulated across years)

	1998	1999	2000	2001	2002	2003
No. of towns with Integrated Urban profile	7	6	7	10	13	12
No. of towns with fire fighting and emergency	5	5	5	5	5	5
No. of towns with Information Network Infrastructure	5	5	8	9	10	12
No. of towns with Infrastructure Investment Plan	11	11	14	17	19	20
No of towns that used IT based tax administration	1	1	1	3	5	8
No of towns that had Revenue Development Plan	7	7	10	18	23	26
No of towns that conducted Infrastructure Resource Registration	9	9	9	12	15	17
No. of towns that have implemented building proclamation	6	6	6	8	10	12
No. of towns that provided One stop service to MSEs	1	2	6	11	16	16

Source: Town Level Survey Data, 2004

Infrastructural developments were also improving throughout the study period. The potable water supply coverage in surveyed towns of the region shows improvements that it had increased from 55.8%% in 1998 to 74.4% in 2003. The data showed that the total length of roads with street lights had increased from 105.8km in 1998 to 285km in 2003.

In all the surveyed towns, road construction with Cobblestone has started in 2001 and by 2003, about 87.7km cobblestone road was constructed. While nearly 1,365.3km gravel road was constructed between 1998 and 2003, more than 1,520 km paved road and 237 km asphalt roads were constructed in studied towns of the region. Furthermore, during the period under consideration, more than 450km drainage line was constructed. The data showed that only the cobblestone work has created more than 21,442 job opportunities. Excluding those engaged on cobblestone works, the road construction has also created 9,774 jobs.

The municipalities of the cities/ towns in the region had an acute shortage of construction machineries (such as loaders, dump trucks, excavators, low beds, mixers, graders, etc). By 2003, there were only 15 loaders, 24 dump trucks, two excavators, one low bed, 24 mixers, and three graders in all the selected towns of Amhara Regional State.

Table-3.78 Infrastructure development in selected towns of Amhara National regional state

	1998	1999	2000	2001	2002	2003
Water Supply Coverage (%)	55.8	59.7	61.3	69.1	73.2	74.4
No. of Houses with electric meter	45072	47287	54993	58720	65523	76257
No. of Houses with separate water meter	39,014	44,558	49,348	60,912	70,547	80,979
Street light coverage (in km)	105.84	120.73	138.53	146.6	154.96	285.26
New roads constructed with cobblestone (in km)				18.64	26.34	42.71
New roads constructed with gravel (in km)	29.09	155	194.08	440.8	209	337.32
New paved roads (in km)	12.7	173.4	232.5	304.21	371.37	426.67
New asphalt roads (in km)	3.07	38.58	36.63	42	51.6	65.43
New sewerage line	16.44	52.22	72.25	88.27	108.33	112.93
No. of modern abattoirs	9	9	10	10	10	10
No. of modern youth centers	5	7	9	10	10	11

Source: Town Level Survey Data, 2004

During the period under study, about 10 municipalities had been using modern abattoirs for slaughter services, but only half of them had applied technologies that prevent environmental pollution. On the other hand, the number of towns having modern youth centers has shown remarkable increment in the sense that only 5 towns had had modern youth centers in 1998, but the number had been more than double by the year 2003. However, the number of towns having modern

bus stations didn't show a significant difference between the years 1998-2001, that it has increased only by one from the number of cities/ towns having a modern bus station in 1998.

Oromia National Regional State

Working procedure reforms, though slow at early periods, were practiced in many towns of the Oromia Regional State. Revenue reform manuals, revenue development plans, and tariff reform systems were established and had been practical in more than 86% of the sampled towns during the period under consideration. In 2008, a quarter of the surveyed towns had consolidated and organized basic urban profile and the coverage had increased to 58% in 2003. Five towns of Oromia (namely Sebeta, Shashemene, Adama, Moyale, and Ambo) have reported that they had fire fighting and emergency prevention and controlling procedures starting from 2003. Furthermore, 50% of the towns had registered their infrastructure resources and had prepared asset management plans whereas; more than 76.5% of them had had capital investment plans during the period. The number of towns using IT for tax administration and accounting purposes was shown improvements slowly. In 2003, 19% and 33% of the sampled towns used IT for administration and accounting works, respectively. The available data at regional level, however, showed that about 40 towns used IT for accounting works. Towns who had implemented the building proclamation were only 10 in 1998, but the number has increased three folds in 2003.

Table-3.79: Number of Oromia Region towns that had improved working procedures

	1998	1999	2000	2001	2002	2003
No. of towns with Integrated Urban profile	13	13	17	23	28	34
No. of towns with fire fighting and emergency	1	2	3	4	5	5
No. of towns with Information Network Infrastructure	11	11	14	16	18	20
No. of towns with Infrastructure Investment Plan	22	22	28	30	32	33
No of towns that used IT based tax administration	2	2	4	6	9	10
No of towns that had Revenue Development Plan	25	26	32	34	40	44
No of towns that conducted Infrastructure Resource Registration	11	13	16	18	20	25
No. of towns that have implemented building proclamation	10	11	15	17	20	28
No. of towns that provided One stop service to MSEs	6	11	22	25	28	32

Source: Town Level Survey Data, 2004

Infrastructure development was also shown improvements in the study period. The potable water supply coverage in all the surveyed towns of Oromia region shows an improvement from nearly 40% in 1998 to 51% in 2003. Compared to 1998, the number of houses with separate electric and water meter in 2003 had increased by 144 % and 219%, respectively. The data showed that the total length of roads with street lights had increased from 63 km in 1998 to 342 km in 2003. Road construction with Cobblestone has started in 2000 and, 208.58km road was constructed with cobblestone by 2003. On the other hand, about 1,337 km gravel road and 9,554 km paved road was constructed between 1998 and 2003. In the same period, about 173 km asphalt roads were constructed in selected towns of Oromia region. Furthermore, during the period under consideration, more than 150 km drainage line was constructed. During the period under study nearly 15,000 jobs were created in cobblestone works and more than 11,000 jobs were created in other type of road construction.

Table-3.80: Infrastructure development in selected towns of Oromia

	1998	1999	2000	2001	2002	2003
Water Supply Coverage (%)	42.3	40.9	45.3	45.3	47.4	51.4
No. of Houses with electric meter	26066	30906	37681	50851	55420	66467
No. of Houses with separate water meter	27,044	52,392	58,813	75,400	83,396	101,821
Street light coverage (in km)	62.95	93.22	108.17	125.39	195.86	342.16
New roads constructed with cobblestone (in km)	0	0	5.68	24.03	56.64	122.23
New roads constructed with gravel (in km)	115.28	158.41	177.89	317.8	335.8	231.59
New paved roads (in km)	98.78	119.1	154.1	174.44	278.35	129.72
New asphalt roads (in km)	38.25	34.88	19.39	17.77	26.29	36.95
New sewerage line	8.82	6.4	16.1	22.96	26.47	34.14
No. of modern abattoirs	20	20	20	20	21	21
No. of modern youth centers	2	4	9	13	18	23

Source: Town Level Survey Data, 2004

Though there were improvements compared to what it had been back in 1998, municipalities had acute shortage of construction machineries (such as loaders, dump trucks, excavators, low beds, mixers, graders, etc). In 2003, there were only 20 loaders, 54 dump trucks, three excavators, one mixer, and 14 graders in all the selected towns of Oromia regional state.

During the period under study, about 20 municipalities had modern abattoirs, and slightly more than half of them had been using technologies that prevent environmental pollution. On the other hand, the number of towns having modern youth centers has shown remarkable increment in the sense that in 1998, only two towns had established modern youth centers but in 2003, the number had been increased more than tenfold. Similarly, the numbers of towns having modern bus stations were increased though not as much as that of youth centers. During 1998-2001, 33 towns had modern bus station but in 2002-2003, about 44 towns had built modern bus stations.

Somali National Regional State

Though nine towns were targeted, it was only possible to collect data from three towns, namely Shinille, Jigjiga and Gode. The analysis here below is therefore entirely based on the data collected from these three towns.

Table-3.81: No. of Somali Region towns that had improved working procedures

	1998	1999	2000	2001	2002	2003
No. of towns with Integrated Urban profile	1	1	1	1	1	1
No. of towns with fire fighting and emergency						1
No. of towns with Information Network Infrastructure	1	1	1	1	1	2
No. of towns with Infrastructure Investment Plan	0	0	0	0	0	1
No of towns that used IT based tax administration	0	0	0	0	0	1
No of towns that had Revenue Development Plan	1	1	1	1	1	1
No of towns that conducted Infrastructure Resource Registration	0	0	0	0	0	0
No. of towns that have implemented building proclamation	0	0	0	0	1	1
No. of towns that provided One stop service to MSEs	0	0	0	0	1	1

Source: Town Level Survey Data, 2004

Among the surveyed towns of Somali, only Shinille town had consolidated and organized basic urban profile during 1998-2003. During the same period, none except Jigjiga had had fire fighting and emergency prevention and controlling procedures. None of the towns had registered their infrastructure resources. Furthermore, none of them had prepared and used asset management or capital investment plans. IT was hardly used for tax administration and accounting in most of these

towns. Only Jigjiga claimed that it was using IT for tax administration, but not for accounting purpose. All in all Jigjiga is the only town that has started implementing building proclamation of cities/towns in 2002.

The potable water supply coverage in selected towns of the Somali region shows an encouraging improvement that it had increased from 10% in 1998 to 27% in 2003. Compared to 1998, the number of houses with separate electric and water meter in 2003 had increased by 67 % and 40%, respectively. During 1998-2003, no new road has got street lights. While Shinille and Jigjiga had had modern youth centers, only Shinile had modern abattoirs though it had applied no technology to prevent environmental pollution. However, none of the towns had modern bus stations.

No cobblestone road or gravel road or asphalt road was constructed between 1998 and 2002 in these three towns. But by 2003, however, 10 km cobblestone road, 10 km gravel road and seven km asphalt roads were constructed. Similarly three km drainage lines were constructed in 2003. However, new paved roads were constructed each year; and during the years 1998-2003, nearly 100 km paved (earth) road was made in the selected towns. In the surveyed towns, the road construction, including the cobblestone works, had created jobs to more than 400. The data showed that none of the towns surveyed had all the machineries used for construction (such as loaders, dump trucks, excavators, low beds, mixers, graders, etc).

Benishangul Gumuz Region

Town level data was collected from two towns of this region, namely Asosa and Mandura. Based on the data collected from the region, nine towns had prepared and used revenue reform manual, tariff reform systems, and asset management plans in 2003, Furthermore, it was reported that 5 towns had put in order capital investment and revenue development plans.

The town level data on its part shows that both Asosa and Mandura towns had consolidated and organized basic urban profile during 1998-2003. IT was hardly used for tax administration and accounting. Only Asossa claimed that it was using IT for tax administration, not even for accounting.

Table-3.82: No. of B/Gumz Region towns that had improved working procedures

	1998	1999	2000	2001	2002	2003
No. of towns with Integrated Urban profile	1	1	2	2	2	2
No. of towns with Infrastructure Investment Plan	0	0	1	1	1	1
No of towns that had Revenue Development Plan	1	1	1	1	1	2
No. of towns that have implemented building proclamation	1	1	1	1	1	2

Source: Town Level Survey Data, 2004

Data on potable water supply coverage and number of houses with separate electric and water meter was not complete in both surveyed towns. The available data showed that between 1998-2003, 150 houses in Asosa town had separate electric meter. But the regional level data revealed that in 2003, nearly 16,500 houses had separate electric meter. In both surveyed towns, the total length of roads with street light was only 26.15km but it has increased to 32.15km in 2003. During 1998-2003, only Asosa had modern abattoir, modern youth center, and modern bus station.

Regarding infrastructural only Asosa had data on roads constructed during 1998-2003. The available data showed that about 20 km road was constructed between 2001-2003 (1.5km cobblestone, 3.5km paved and 16km asphalt). But no new drainage line was constructed during the period under consideration. Even in Asosa, recorded and documented data on the number of people engaged on road construction was not available. The data showed that none of the towns had all the machineries used for construction (such as loaders, dump trucks, excavators, low beds, mixers, graders, etc).

SNNP Region

In SNNP town level data is entirely used because regional data was not inclusive and available. Working procedure reforms, though slow at early periods, were practiced in many towns. Revenue reform manuals, revenue development plans, and tariff reform systems were established in more than half of the towns. In 1998, only four towns namely, Hawasa, Tercha, Arba Minch and Aleta Wendo had consolidated and organized basic urban profile. This number has increased to 14 in 2003. Only Hawasa has reported that it had fire fighting and emergency prevention and controlling procedures during 1998-2003,. Furthermore, about 40% of the towns had registered their infrastructure resources and had asset management and capital investment plans. The number of

towns using IT for tax administration and accounting purpose was improving slowly. By 2003, more than 33% of sampled towns used IT for administration and accounting works. Towns who had implemented the building proclamation were only eight in 1998, but the number has increased to 12 in 2003.

Table-3.83: No. of SNNP Region towns that had improved working procedures

	1998	1999	2000	2001	2002	2003
No. of towns with Integrated Urban profile	4	4	5	8	11	14
No. of towns with fire fighting and emergency	1	1	1	1	1	1
No. of towns with Information Network Infrastructure	5	5	5	6	6	7
No. of towns with Infrastructure Investment Plan	5	4	5	6	10	12
No of towns that used IT based tax administration	2	1	2	3	6	9
No of towns that had Revenue Development Plan	1	1	1	1	1	2
No of towns that conducted Infrastructure Resource Registration	2	2	2	2	3	11
No. of towns that have implemented building proclamation	8	9	9	9	9	12
No. of towns that provided One stop service to MSEs	2	4	8	10	10	12

Source: Town Level Survey Data, 2004

The potable water supply coverage in selected towns of SNNP region showed an encouraging improvement that it had increased from 40% in 1998 to 53% in 2003. When we compare the year 1998 with the year 2003 in number of houses with separate electric and water meter it had increased by 38 % and 207%, respectively. Furthermore, the total length of roads with street lights had increased from 50 km in 1998 to 163 km in 2003. During the period under study, about 11 municipalities had modern abattoirs, though only half of them had used technologies that prevent environmental pollution. On the other hand, the number of towns that have built modern youth centers and modern bus stations had increased during the period under consideration. In 1998, towns with modern youth centers and modern bus stations were eight and 17 respectively; however, the numbers had increased to 28 and 22 respectively by 2003,.

Table-3.84: Infrastructure development in selected towns of SNNP

	1998	1999	2000	2001	2002	2003
Water Supply Coverage (%)	40.3	45.7	48.7	48.6	48.5	53.2
No. of Houses with electric meter	19154	8417	12270	12324	13314	26541
No. of Houses with separate water meter	9,772	12,533	14,282	22,590	27,302	29,996
Street light coverage (in km)	50.15	65.06	81.4	92.56	106.3	163.16
New roads constructed with cobblestone (in km)	0	0	0	1.57	28.72	59.16
New roads constructed with gravel (in km)	9.9	37.91	38.26	29.89	36.36	54.77
New paved roads (in km)	21.3	27.98	23.53	23	46.6	195.63
New asphalt roads (in km)	0	29.1	0	0	0	35.88
New sewerage line	5.51	5.19	2.83	1.5	20.81	58.124
No. of modern abattoirs	11	11	11	11	11	11
No. of modern youth centers	8	10	11	26	26	28

Source: Town Level Survey Data, 2004

Available data on road showed that more than 670 km of different types of roads had been constructed (94 km cobblestone, 207 km gravel and the remaining 338 km paved/earth and 65 km asphalt roads). During the same period, 105 drainage lines had been constructed in the selected towns. The road construction had created about 15,264 jobs, including 6,363 jobs only in cobblestone works. Shortage of construction material had been prevalent in many municipalities of SNNP. All together the surveyed town municipalities had only 7 construction machineries (such as loaders, dump trucks, excavators, low beds, mixers, graders, etc) but in 2003, the machineries had increased to 23.

Gambella Region

While all the towns had revenue development plans, only Godore and Gambella towns had established tariff reform system. But none of the towns had consolidated and organized basic urban profile, fire fighting and emergency prevention and controlling procedures, registered their infrastructure resources, prepared asset management or capital investment plan. Furthermore, none of them had started implementing building proclamation and none had ever used IT for tax administration and accounting purposes.

The potable water supply coverage in selected towns of Gambella region shows only a slight improvement that it had increased from the lowest 3.8% in 1998 to 7.3% in 2003. Between 1998 and 2003, about 120 and 230 new houses have got separate electric and water meter, respectively. In the same period, about 16 km new roads have got street lights. In the period under study, though no cobblestone road construction has been started, more than 160 km road (87.5 km gravel, 52 km paved and 22 km asphalt) has been constructed at the regional level. But no drainage line was constructed during the same period. In the two surveyed towns 35.37 km road was constructed (nearly 3 km with gravel, 19.4 km paved/earth, and 13 km asphalt roads). In the selected towns, the road construction had created more than 186 job opportunities. None of the towns had any of the machineries needed for construction purpose (such as loaders, dump trucks, excavators, low beds, mixers, graders, etc).

Harari Region

Harari regional state had consolidated and organized basic urban profile and fire fighting and emergency prevention and controlling procedures in 2003. But revenue reform manuals, revenue development plans, asset management plans and tariff reform systems were developed in 2001. The city did not conduct infrastructure resource registration. During the period under study, the city of Harar did not use IT for tax administration but started using IT for accounting system only in 2003. The town has started implementing the building proclamation in 2000.

No data is available on portable water coverage (as the town has no permanent potable water source, but it was reported that per capita water supply has increased from 19 liter per day in 1998 to only 20 liter per day in 2003. Between 1998 and 2003, more than 2,000 houses had separate water meter. Data on separate electric meter were self contradicting. The available data showed that the total length of roads with street lights had increased from 27 km in 1998 to 33.5 km in 2003.

Table-3.85: Infrastructure development in selected towns of Harari

	1998	1999	2000	2001	2002	2003
No. of Houses with electric meter (every year)	1,589	1,689	1,169	586	784	896
No. of Houses with separate water meter	6,943	7,112	7,375	7,639	8,102	9,000
Street light coverage (in km)	27	27	32	33.5	33.5	33.5
New roads constructed with cobblestone (in km)				2	1	18
New roads constructed with gravel (in km)	33	35	35	37	37	37
New paved roads (in km)	125.3	134	139.1	142	142.4	142.4
New asphalt roads (in km)	21.7	21.7	21.7	24.9	26.2	26
No. of modern youth centers	1	1	1	1	1	1

Source: Town Level Survey Data, 2004

Including those 1,780 working on cobblestone, the road construction has created 3,380 temporary job opportunities between 1998 and 2003. In 2003, the city owned six construction machineries (three dump trucks, one mixer, two graders, and three others).

It was reported that during 1998-2003, the city had no modern abattoirs. But it had one modern bus stations and one modern youth centers since 1998.

Dire Dawa City Administration

Dire Dawa city administration had not consolidated and organized basic urban profile during 1998-2003 but had fire fighting and emergency prevention and controlling procedures since 1998. Revenue reform manuals, revenue development plans, and tariff reform systems were already developed and been practiced in 1998. The town has registered its infrastructure resources since 2001. Furthermore, the city had prepared asset management and capital investment plans since 2001. Throughout the period under consideration, the city had applied IT for tax administration and the National IT system (IBEX) was used for accounting only after 2001. During 1998-2003, the city has not started implementing the building proclamation.

The portable water coverage of the city has increased from 72% in 1998 to 76% in 2003. It was reported, in parallel with this, the per capita water supply has increased from 30 liter per day in 1998 to 40 liter per day in 2003. Though complete data on the number of houses with separate electric

meter during 1998-2001 was not available, it was reported that more than 87,000 houses had separate electric meter in 2003. On the other hand, between 1998 and 2003, more than 93,000 houses have had separate water meters. During 1998-2003, the city had one modern abattoir but it uses no technology to prevent environmental pollution. Furthermore, the city had 12 modern youth centers, and one modern bus stations.

Table-3.86: Infrastructure development in selected towns of Dire Dawa

	1998	1999	2000	2001	2002	2003
Water Supply Coverage (%)	72	72	72	74	76	76
No. of Houses with electric meter					74,770	87,358
No. of Houses with separate water meter	11,164	12,278	14,578	15,983	18,819	20,829
New roads constructed with cobblestone (in km)				28		40.03
New roads constructed with gravel (in km)				218		228
New asphalt roads (in km)				40.57		42.55
No. of modern abattoirs	1	1	1	1	1	1
No. of modern youth centers	12	12	12	12	12	12

Source: Town Level Survey Data, 2004

During the period under consideration, nearly 600 km new roads (68 km with cobblestone, 446 km with gravel, and 83 km asphalt roads) were constructed in Dire Dawa in 2001 and 2003. But no drainage line was constructed during the period under consideration. Between 1998 and 2003, the road construction has created 13,372 jobs, (though nearly 95% of it was created in cobblestone works). In 2003, the city had only 4 construction machineries (1 loader and 3 dump trucks).

Addis Ababa City

Data collection and analysis in Addis Ababa city administration is done considering the sub-cities as a separate city/town and then the data collected is analyses in parallel with the regional level data. All the sub cities of Addis Ababa (AA) were reported to have infrastructure investment plan and capital investment plan. Furthermore, during 1998-2003, all of the sub cities were using National IT system (IBEX) for accounting but none of them have started practicing IT based tax administration. Infrastructure development information network was launched in none of the sub cities of Addis Ababa. All the sub cities had established tariff reform system, and had prepared revenue reform

manuals only in 2003. While all had prepared capital investment as well as revenue development plans, none had asset management plan. But only one sub city had consolidated and organized basic urban profile. Furthermore, all the sub cities hadn't conducted infrastructure resource registration until 2003. The data showed that all the sub cities of Addis Ababa had sub-city councils since 1998.

The amount of water supplied per day per capital had increased from 80 liter in 1998 to 110 liter in 2003 at the city level. In the same period, potable water supply coverage has increased from 48% to 74%. Though no data could be obtained for the years prior to 2003, it is reported that about 26 km road were covered with street light in 2003. The number of houses with separate electric meter had increased from 119,795 in 1998 to 762,952 in 2003. Similarly, the number of houses with separate water meter had increased from 310,000 in 1998 to 360,000 in 2003. Furthermore, the number of houses connected to sewerage line had increased from 119,795 in 1998 to 227,803 in 2003. Throughout 1998-2003, the city had two modern bus stations and three modern abattoirs. But the number of modern youth centers in the city had increased dramatically from four in 1998 to 86 in 2003.

Table-3.87: Infrastructure development in Addis Ababa.

	1998	1999	2000	2001	2002	2003
Water Supply Coverage (%)	48	49	50	52	64	74
No. of Houses with electric meter	119,795	119,795	433,529	459,178	498,203	762,952
No. of Houses with separate water meter	310,000	325,000	325,000	332,000	348,000	360,000
New roads constructed with cobblestone (in km)					1293.3	1298.7
New roads constructed with gravel (in km)					62	133.8
New asphalt roads (in km)					30	47.2
New swerage line					794	804.3
No. of modern abbators	3	3	3	3	3	3
No. of modern youth centers	4	6	24	30	33	86

Source: Town Level Survey Data, 2004

Concerning road construction no construction of gravel and cobblestone roads were reported before 2002, but in 2002 and 2003, 2,592 km cobblestone and 195 km gravel roads were constructed. In the same years, (2002 and 2003), about 77 km asphalt road, and 1,598 km drainage lines had been constructed. Throughout 1998-2003, the city had only one solid waste disposal place. But the

number of liquid waste disposal places had increased from two in 1998 to five in 2003. In 2003, there were about 515 SMEs engaged in solid waste collection and disposal. The number of trucks engaged in collection of solid waste increased from 65 in 1998 to 104 in 2003.

Table-3.88: Solid and liquid waste collection in Addis Ababa.

	1998	1999	2000	2001	2002	2003
No. of municipality people engaged on solid waste collection and disposal	2630	2740	2780	2890	3124	3364
solid waste production (kg/day)						
solid waste collection (kg/day)						
No. of vehicles used for Solid waste collection	65	65	70	80	80	104
No. of solid waste disposal places	1	1	1	1	1	1
Liquid waste production (lt/day)	274,400,000	275,320,000	280,100,000	280,220,000	284,100,000	299,200,000
Liquid waste collection (lt/day)	10,250,000	10,750,000	10,840,000	11,240,000	11,300,000	12,400,000
No. of vehicles used for liquid waste collection	57	60	65	65	73	73
No. of liquid waste disposal places	2	2	5	5	5	5

Source: Town Level Survey Data, 2004

The data showed that in all the years under study, about 2.7 billion liter liquid waste water was produced but nearly in all the years under consideration, not more than 4% was collected and disposed properly. The number of municipality trucks engaged in collection of liquid waste had increased from 57 in 1998 to 73 in 2003. Similarly, the liquid waste treatment plants had increased from two to five during the years under consideration.

3.5. Construction Industry Capacity Building Program

Introduction

This is one of the major programs, the Ministry of Urban Development and Construction (MUDC) is running at the current time. It has to be recalled at this juncture that construction is one of the two wings of the ministerial office which was considered to be part of the Integrated Housing Development Programme (IHDP) in the previous times, as the two sectors are closely related to one another. However, with the formation of the new government cabinet and the change in the name of the ministry from ‘Ministry of Works and Urban Development’ to “Ministry of Urban Development and Construction” came the breakaway of the construction program from other related programs in the ministry. This important period and change has led into the attachment of greater importance and strengthening of the construction sector which helped it emerge as a full blown program by itself, and some of the major activities accomplished in this sector will be discussed in the following sections:

Regulatory Activities in the Construction Industry

One of the major activities done in this area is the preparation and implementation of the building code. During this time, hundreds of urban centers all over the nation have started using this code to govern and guide their construction sectors. The promulgation of this code sets an important precedent during this time of construction boom in the nation. Therefore, one can hail even the application of the code itself as one big success. In this regard, it is indicated in the data collected from the towns that 50.7% (66 towns out of 130) have already implemented this regulation by the year of 2003. It can also be further observed from the reports of the ministry that hundreds of towns have implemented this regulation in a very short span of time.

Table 3.89: Regional distribution of the towns that implemented building/construction proclamation as of 2003 E.C.

Region	Status of implementation of the building/construction proclamation as of 2003 E.C		Total
	No	Yes	
Tigray	3	6	9
Afar	1	4	5
Amhara	16	12	28
Oromia	23	28	51
Somali	2	1	3
Benishangul-Gumuz	0	2	2
SNNP	14	12	26
Gambella	4	0	4
Harari	0	1	1
Dire Dawa	0	1	1
Total	64	66	130

Source: MUDC, 2004

Private Sector Development in Construction

It is crystal clear that it is the private sector that plays the leading role in the construction sector in Ethiopia. The government has played a pivotal role in bringing this sector up the ladder through the provision of different direct and indirect supports to the actors, like the private sector. This fact can be corroborated by the continually rising number of licensed building contractors and related actors in the nation over the stated few years.

Table 3.90: Number of contractors that got/ renewed licenses between 1998 and 2003

Type of contractor	Year					
	1998	1999	2000	2001	2002	2003
Building contractor	780	746	1,080	1,000	1,169	1,168
Electro Mechanical Contractor	0	4	4	1	5	7
General Contractor	770	833	1,358	1,123	1,238	1,293
Special Contractor	0	0	1	2	1	0
Road Construction Contractor	2	5	9	7	5	11
Total	1,552	1,588	2,452	2,133	2,418	2,479

Source: MUDC, 2004

It can be seen from the above table that the number of contractors that received or renewed licenses jumped from 1552 to 2479 between the years 1998 and 2003, respectively, which is a 60% growth. It can be concluded from these figures that there is a huge leap in the number of contractors and related actors in the sectors between the two years specified above..

It still gives much more sense if one disaggregates these totalities into details across grades. As can be observed from the subsequent table, there is a sharp growth of the number of contractors in these years. However, when one evaluates the growth across the grades it can be observed that the number of Grade one building contractors registered an insignificant growth between 1998 and 2003. For instance, as shown in the first row of the following table, the number of these grade 1 building contractors grew from 45 in 1998 to 48 in 2003, which is a 6.6% growth. The same is true for the grade 1 general contractors, whose number has shown a slight growth from 31 to 32 showing still a nearly 10% growth. According to the information obtained from the Ministry many measures are being taken to raise their numbers from its current low level.

However, the growth rates are higher among the low grade contractors constituting grades 4, 5, 6 and 7. For example, the number of contractors that fall in these grades for building contractors has only increased from 535 to 905 between 1998 and 2003 (a 69% growth). It is these grades of contractors who have registered a significant growth across the years. Similarly, the number of general contractors has risen to 1293 in 2003 from its 770 level in 1998 (a 68 % growth). One can also see the growth in the general contractors' class of grades 4, 5, 6 and 7, where the number has grown significantly from 571 to 1098, which is a 92% growth. According to the information obtained through interviews , this larger growth in these lower cohort of grades can be attributed to the relatively lesser requirement needed to establish, the support government provides for the sector like long term loans, and the supports extended to the MSEs to transform themselves to a contractor level.

Table 3.91: Number of contractors that got/renewed licenses by grades

Type of contractor	Grade	Year					
		1998	1999	2000	2001	2002	2003
Building Contractor	1	45	45	45	43	48	48
	2	14	10	13	13	12	16
	3	99	102	120	121	137	142
	4	168	170	223	219	236	245
	5	213	203	374	355	439	410
	6	86	87	140	138	160	176
	7	68	54	86	66	73	74
	8	52	46	58	34	50	46
	9	35	28	21	11	12	9
	10	0	1	0	0	2	2
	Total	780	746	1,080	1,000	1,169	1,168
Electro-Mechanical	1		0	0	0	0	0
	2		0	1	0	1	2
	4		0	0	0	1	1
	5		2	2	1	3	4
	8		2	1	0	0	0
	Total		4	4	1	5	7
General Contractor	1	31	30	35	33	31	32
	2	0	0	1	0	0	1
	3	15	16	15	14	19	16
	4	1	0	2	0	2	0
	5	34	39	56	55	59	73
	6	301	340	544	494	615	715
	7	235	243	450	359	351	310
	8	130	142	236	158	150	136
	9	23	22	18	9	11	10
	10	0	1	1	1	0	0
	Total	770	833	1,358	1,123	1,238	1,293
Special Contractor	1			1	2	1	
	Total			1	2	1	
Road Contractor	1	2	5	6	5	4	5
	2	0	0	1	1	0	2
	3	0	0	0	0	1	2
	5	0	0	0	0	0	1
	6	0	0	2	1	0	1
	Total	2	5	9	7	5	11

Source: MUDC, 2004

Besides, there is also a significant jump in the number of construction machineries during these years. Information on this indicates that there are more than 5582 construction machineries under different ownership forms in the country by 2003, an increase from its 549 level in 1998. This shows that there is a 900% increase in construction machineries between 1998 and 2003. A significant leap is registered in the private sector both in the contractors and renters class. By 1998, for instance, renters had only 385 construction machineries ready to be rented, and this figure has grown up to 3849 by the end of 2003. Such huge growth has a direct impact on the operations in the industry as it enhances the productivity of the labor force and hence facilitating the timely delivery of projects, which was unthinkable a few years ago.

Table 3.92: Growth in Quantity of Construction machineries between 1998 and 2003.

Years	Ownership			Total
	Contractor	Renter	Government	
1998	163	385	1	549
1999	294	824	15	1133
2000	364	1042	23	1429
2001	568	928	26	1522
2002	69	380	159	608
2003	0	290	51	341
Total	1458	3849	275	5582

Source: MUDC, 2004

The following table summarizes the type of construction machineries categorized under different ownerships. As can be seen from the table, the majority of them are owned by the renting companies accounting for about 69% of all the construction machineries available in the country followed by the government contributing about 26% of it. The following table shows type of the machineries under the three ownership forms.

Table 3.93: Type of Machineries by Ownerships in the years between 1998 and 2003

Type of Material	Ownership			Total
	Contractor	Renter	Government	
Asphalt Mixer	2	0	0	2
Asphalt Spreader	4	5	0	9
Aggregate Spreader	3	0	0	3
Compactor	265	522	51	838
Concrete batching Plant	3	0	0	3
Concrete spreader	1	0	0	1
Crane	12	2	0	14
Crusher	186	88	21	295
Dozer	315	616	38	969
Drilling Rig	6	19	1	26
Excavator	7	1023	16	1046
Grader	217	432	23	672
Loader	432	1,129	125	1,686
Scraper	0	0	0	0
Wagon Drill	5	13	0	18
Total	1,458	3,849	275	5,582

Source: MUDC, 2004

The number of people registered as consultants has also registered a larger increase in the years under consideration. These consultants have shown an increase from 29 in 1998 to 221 in 2003. When one reads between the lines, the following table indicates that the majority of this growth can be attributed to the rise in the number of consultants registered under the architecture and engineering categories, which has grown from 18 to 102 between 1998 and 2003. The other category that has shown such huge growth is the category registered under the road and bridge. The number of consultants under the same class has risen from only 4 to 72 in the specified years.

Table 3.94: Number of consultants in the construction sector across years

Type of Consultant	Years					
	1998	1999	2000	2001	2002	2003
Architecture and Engineering	18	17	14	91	99	102
Architecture	5	2	1	13	12	16
Engineering	2	1	0	1	4	11
General Engineering	0	3	6	13	7	5
Construction Management	0	0	1	3	4	3
Special	0	0	0	6	6	12
Road and Bridge	4	6	6	31	35	72
Water Works	0	0	0	0	0	0
Total	29	29	28	158	167	221

Source: MUDC, 2004

One of the challenges the sector has been facing in these years was the escalation of price of construction inputs, particularly cement and steel. As a short term remedy to this problem, the government has relaxed the import restriction on some products like cement and other construction inputs and even participated in the import practice itself. Besides, the rise in renting cost of the machineries was also threatening the survival of the contractors. However, this problem did not last long as the government directly intervened in to the sector in a very positive and constructive way by of supplying contractors with machineries on a long term loan basis. This intervention has played a double role as it stabilized the machinery rental market and enhanced the capacity of the local contractors. It is therefore this period that should be hailed in the history of the sector as it marked an important period in which large numbers of contractors have succeeded in improving their grades.

The construction boom, which led into the sharp rise in the prices of cement and steel, in the nation has also attracted the thoughts of many investors and as a result a record number of licenses were issued in the cement industry. The then trade and Industry ministry has gone to the extent of limiting the number of these investors to avoid unnecessary competition in the sector.

Chapter Four: Conclusions and Recommendations

4.1. Conclusions

MSEs

The baseline data survey for the Integrated Urban Database Project of MUDC reveals that MSEs have been playing a vital role in many ways; they have created more than 2.4 million job opportunities (permanent and temporary), provided goods and services to local communities at affordable prices and generated revenue to their members and the nation at large. Though not complete, there is sufficient evidence that the government organs of the respective regions and city administrations have been providing a variety of support for the establishment and development of MSEs.

All the regions and city administrations have provided a variety of capacity building trainings to more than 1.4 million operators during the specified years. Though more than 3.4 billion birr was transferred to MSEs in the form of loan, in many regions its repayment rate was found to be very unsatisfactory. Even there is no guarantee that the MSEs can repay the loan in the short run because most of the MSEs have never been audited. Hence, there is no way to know whether they are on the right track and able to repay the loan or not.

The five year MSE development program which was launched in 1998, creating domestic as well as foreign market links were set as one of grand goals to be achieved. However, the data collected from all the regions and city administrations revealed that the achievement registered on the creation of market links were weak and it is only 1.7 billion worth of goods that passed through such channel. Furthermore, provision of one stop service was one of the strategies of MSE development. The result obtained in this self-defining assessment was unsatisfactory. Though it is easy for a town to say that it was providing one stop service, as it is difficult to objectively assess it, only few of them claim the title.

While the ultimate goal of MSEs was to graduate to medium enterprises, the achievements registered in this regard were not satisfactory. In all the regions and city administrations, only few proportion or percentages of the MSEs have graduated.

IHDP

The IHDP is another major program the MUDC has been executing in the specified six years period. The program has succeeded in delivering one of the success stories the ministry boasts about, as has produced more than 143 thousand housing units (out of the 400 thousands planned), which the public sector failed to deliver in the last 4 decades. The program was first experimented in Addis Ababa city administration under the flagship of the Grand Housing Project. Following the successful implementation of the projects in Addis Ababa it was later expanded to regions in two stages, first in 1998/99 to the four bigger regions as well as to Harar and Dire Dawa, and second to the other emerging regions, particularly after 2002/03.

On top of producing these housing units for the needy urbanites, the programme has been also praised for the creation job opportunities for about 353 thousand people (until 2004) in the cities and towns it has been underway, though it was initially planned to create job opportunities for 200 thousand people. This shows that there is a remarkable achievement in job creation not forgetting the ups and downs in the sustainability of the program in many regional towns.

There is also a provision in the document related to the capacity creation of contractors and consultants in this package. Accordingly, more than 574 contractors and 32 consultants got project awards from this program. But generally, more than 297 new contractors and 297 new consultants have been established and been operational during the period.

Even though conclusive data could not be found on finance, secondary sources indicate that more than Birr 8.1 billion has already been utilized by the program between 1998 and 2003. This, when compared to the 15.8 billion allocated for the project, the utilization is about 51%.

This program has been relying on local and imported inputs to execute its projects, for instance MUDC indicated that the program has used 1.2 million tones of cement and 145 thousand tones of iron, imported from overseas.

UGGP

The Urban Good Governance Program is a very vast program aimed at addressing many of the governance related challenges urban centers in the nations have been facing. Some of these are challenges related to urban planning and land management, tax and finance related issues, and issues pertaining to man power and institutions. That is why it spelled out its seven sub-programmes (six

excluding infrastructure sub programme) under the Urban Good governance Programme. These extended sub-programmes were condensed to three in order to use the scarce resource- money- effectively for their implementation.

To this end, several assignments have been done by the MUDC to achieve many of the targets mentioned in the program document. For instance,

- 72% of the sampled towns (94 of the 130 towns) have got new master/structural plan in the years under consideration.
- More than 195 small towns across the nation have made basic plans as part of the small town development plan that envisages to prepare basic plan for about 600 small towns, and
- Well above 400 towns got base maps with the help of different tools.

On top of these, about 30% (40, out of the sampled 130 towns) have reported that they have a steering committee for urban plans. This shows that there are more jobs that need to be done to improve the situation.

In addition, the government has also worked harder to improve the land administration in towns and cities. Data collected on this matter reveals that only 29% of the sampled towns responded that they have fully implemented the lease system and there are still bigger regional towns that did not put the system in place thus far. This is also a wake up call for the government as several cities/towns are currently heading to the system, while there are still many lagging behind. The same is true for land banking, which is a relatively a newer concept, even to some officials approached during the data collection process. In addition, the issue of land registration is not also being implemented as aspired in the policy and the data indicated that only 44% of the approached towns have implemented it as of 2003, this is an improvement from a very low 11% registered in 1998.

The ministry has done a remarkable job in terms of streamlining the laws related to urban land and system in general. To this end, many proclamations, rules, regulations, manuals, and directives have been prepared in the planning period. However, all what have been mentioned so far are useless unless supported by a competent manpower and institution. In this regard, the government has trained more than 5,000 management staffs and experts in the towns covered by the survey and this figure reaches well above 100 thousand if we consider the national picture and all trainings (that may

entail the risk of double counting). Many towns were also established as independent self administering entities during this time and this figure is about 83% in the surveyed towns. In line with this, 81% of the towns have established their own city/town councils and 76% (99 of the sampled towns) have established social courts at the nearest places to the public.

Infrastructure

The proper provision of infrastructure is important for the well functioning of cities and their systems. Infrastructure is very crucial that people may never live in cities without it. The data collected from towns and cities in the nation reveals that cities differ on their ability to provide infrastructure to the public and maintain it in a proper way for its sustainable utilization.

The program was formulated to improve the infrastructure base of urban centers in the nation and bring about a change in the way they are provided and maintained. Data from all regions indicates that there are still some problems related to the provision of infrastructures in many urban centers. For instance, it is indicated that there is still a very severe problem of coordination among the providers of different infrastructures in the same urban center; and this is entailing a huge financial wastage even in the city of Addis Ababa, where it is presumed that there is better awareness regarding the matter. Nevertheless, there is an improvement in many instances and trials are being made by many cities/towns to synchronize the provision of infrastructures in order to save cost. The typical example in this case is the provision of drainage, street lighting and road infrastructures at the same time, which was not there few years back. Such improvements in the working procedures of infrastructure provision saves the wealth of the nation and helps the people achieve their goals with a very limited amount of money.

The other important task related to infrastructure being undertaken in many towns and cities during the planning period was the registration of infrastructure resources under their jurisdiction. Even though the concept is new to many urban centers there are encouraging developments in many instances that should be expanded and learnt from. However, data from the study indicates that some towns are lagging behind in effecting this plan during the specified period.

Fire fighting, prevention, controlling and emergency service is also another activity envisaged to be strengthened in many urban centers during this period. Many towns in the nation are making progress in this arena and the working procedures are also improving in many urban centers. The

same is true for abattoir and waste collection. Especially, cities/towns have registered a great deal of achievement regarding the waste collection and disposal with the involvement of MSEs in the sector.

Regarding roads, this period marks an important mile stone in the history of many urban centers across the nation. As can be seen from the data given in different regions, many towns have received lengthy road infrastructures during this period. It is very imperative, in this case, to raise the contribution of the cobble stone surfacing for lifting up the coverage of local roads in many towns and cities. These centers have also received thousands of kilometers of asphalted and gravel roads during the same period.

The data presented in the body also indicates that there are few towns that have started using the IT system to administer their finances, like tax. This is an indication that the job is still at its infancy and more needs to be done in the area to bring about the changes envisaged in the plan.

Construction

Though this sector was not a full fledged sector by itself during the beginning of the period under investigation, its vibrancy and dominance over the others has partly forced the ministry to change its name (from MWUD to MUDC) and start to treat it as one of the most successful sectors that can create value and jobs if properly supported by the government. The data obtained from the field and the ministry corroborates these statements in many instances.

Two sorts of jobs have been accomplished so far to improve the performance of this sector. The first job is related to the improvement of the legal frameworks and institutional matters that stifled the sector. It is indicated in the report that many legal documents have been produced and announced to the public, which are believed to have a positive impact on the performance of the sector. More towns (66 of the sampled 130 towns) as a result started implementing the building code. It is the aforementioned kinds of improvements related to laws, rules or regulations that brought the involvement of the private sector to the next level. It is shown in the main body of this document that the number of private contractors that got or renewed their license jumped from 1,552 to 2,479 between 1998 and 2003. Still, the number of people registered as consultants has also registered a greater increase in the years under consideration. These consultants have shown an increase from 29 in 1998 to 221 in 2003. However, it has been observed that the rate of growth of first and second level contractors is not satisfactory in the indicated years.

In addition, there was a tremendous leap in the number of construction materials renting companies engaging in the construction sector during this period. Data obtained from the MUDC indicated that renters had only 385 construction machineries ready to be rented in 1998, and this figure grew to 3849 by the end of 2003. Such huge growth has direct impact on the operations in the industry as it enhances the productivity of the labor force and, hence, facilitates the timely delivery of projects, which was unthinkable only few years back.

4.2. Recommendations

First of all, the main recommendation of this study is to sincerely advise the MUDC to go down the ladder and see the way cities and regions do things and compile their reports. It has been reported that there are some towns that totally rely on the memories of people when they report figures. That is why it has been difficult and often impossible to find a well documented information and relevant data when these people are not around. The frequent turnover of city administrators worsens the situation.

In addition, the Ministry, regional bureaus, city administrations and all tiers of the government shall prepare the same format and mentality (say through training) with which they report their accomplishments.

On MSE strategy

- It has been indicated in the FGDs that the MSEs do not get a consistent and sustainable support as they did during the times of their establishment. The operators indicated that trainers, people from the bureau of cooperatives, MSE agencies/bureaus and etc used to visit them on a regular basis and give prompt responses at the times of their establishments, but this doesn't continue consistently as time goes by. To this end, the government has to do more to reach these operators on a regular basis. This is indicated in the way they get the audit and training services from the government.
- Many MSEs are heard of complaining of the way contracts are being awarded to their fellow MSEs on a repetitive manner. It has been continuously indicated in many of the interviews made with them that the contract awarding process is a very opaque system. According to the operators, nobody knows how contracts are awarded to some MSEs, and there are even cases where the operations traditionally reserved to some particular MSEs and are being handed to big contractors. Such acts are very common and it is fuelling the income gap in the sector and is also killing the MSEs in different sectors (particularly MSEs in the construction sector)
- There is also a huge emphasis from the administrators' side on other engagements than focusing on these MSEs, which actually proved to be among the most effective tools of reducing poverty and income inequality in the nation. For instance, the MSEs complain

about the kinds of lands they get when they are given so. Many MSEs indicated that they are given marginal lands, which by many eyes are useless. However, even though it cost them a lot (this raises the start up cost which is totally against the intentions of the MSE strategy which in many cases advocate the reduction of transaction and start up costs for these enterprises. That is why it supported one-stop-service and etc aimed at reducing the cost enterprises would have incurred had they searched the information from the market as other do), many MSEs have transformed these marginal lands to productive ones in many urban areas, including Addis Ababa. The other problem related to this is the provision of infrastructures to this land. As can be imagined, these marginal lands are in most cases devoid of the essential infrastructures the MSEs need for operation. To this end, there are enterprises even in the city of Addis Ababa who are formally given plots of land for production but have rented other places since the plots of land they are given are devoid of **all** sorts of infrastructures.

- The MSEs in Addis Ababa have indicated that many bigger businesses have crossed the red lines and have crippled their activities in many cases because there is no binding legal document that totally reserves some operations to MSEs. For instance, there are bigger Turkish and Chinese firms that produce building blocks that MSEs should produce in the nation where urban unemployment reached a very high level. It, therefore, seems the duty of the policy makers to bare such big firms from participating in such menial and manual jobs. It is clear that MSEs might be wiped out of the market as these firms have huge financial backings and can use different pricing mechanisms to dominate the smaller competitors.
- Information obtained from the stakeholders showed that many of the jobs created by the MSEs are becoming temporary and this calls for a concrete data that segregates between the permanent and temporary jobs. In addition to this, rather than reporting the temporary jobs as they are (which leads into double counting), it is better to report the figures using hours or days worked (as recommended by the World Bank, 2008)
- The government shall also see into the way clusters are being perceived in some areas by some officials. In this case it is possible to learn a lot from the natural clusters created in Merkato and Shiromeda areas.

- The fact is that a huge emphasis is attached to the MSEs created by the MSE Agencies or cooperative bureaus. However, it has to be recognized that other MSEs out there operating by themselves also need the same kind of treatment.
- There are also some operators that complain about the quality of trainings given by some trainers for being outdated and repetitive, which need to be considered very thoroughly.
- There is no clear time line as to HOW LONG a given MSE shall stay in a shade/land given by the government for free or in a highly subsidized price. It has been indicated in many interviews that there are some new MSEs that need this crucial resource, land, but could not find it; while there are many old MSEs with better financial capacity but remaining in the shades though they have grown to a maturity level. Hence, the government shall put some time frame in which the MSEs shall be promoted from one stage to another on a compulsory basis. This has another advantage as it instigates a **self imposed competition** to the MSEs against these time lines.
- While the growth and development of service and trade sectors are good to keep the economy balanced, more emphasis should be given to those sectors that are engaged in production of real goods (such as manufacturing, construction, and agriculture) as production of real goods are helpful for developing countries.
- The performance of each MSEs should be evaluated at the end of each fiscal year and based on such evaluations unique/targeted support and trainings should be given to each MSEs. Only this could ensure the loan repayment and graduation of the MSEs.
- It would be good to building the capacity of one-stop-service centers (particularly the trainers) so that the MSEs can be supported in better way.
- A team/department should be established or strengthened in all MSE agencies that will be devoted to collection and compilation of data related to MSEs.

On IHDP

- ❖ The government shall look into other options in areas where the outputs of the IHDP are faced with lack of demand; other actors in housing, such as private individuals and cooperatives, have not been given the same level of attention as the IHDP. It has to be

recognized that IHDP (or simply the government) is only one of the actors in housing provision. But in our case, except in Addis Ababa, where there is better emphasis on the Real estate developers in the previous times, other actors are not given due attention during these periods. This shall be reverted as they can supply housing units if properly regulated and monitored by the government.

- ❖ The provision of finance for housing is only available for IHDP at the current time. It has been indicated in different discussions during the data collection that there are many cooperatives in the city of Addis Ababa that were given land even a decade ago and could not finish their houses yet because of lack of finance. The government has to recognize the efforts of these groups of the society and has to find ways of financing their construction through long-term loan as in the case of the IHDP.
- ❖ MSEs operating under the IHDP were also heard repetitively complaining during the data collection process about the lack of transparency in the sector, and award of contracts to bigger contractors for the very manual works they used to handle.
- ❖ The government/regional governments shall also enhance the coordination between their offices while executing such huge projects. It has been indicated, particularly in Amhara region that the lack of coordination between offices and delay in finance has resulted into delay of several of the housing projects in many towns. In addition to this, many stakeholders have also reiterated that the management of the housing units needs to be strengthened in order to protect this property from abuse.
- ❖ The FGD conducted in many regions has also indicated that the interest rate on the loan extended to own the houses is throat cutting and many people are getting difficulty in repaying the loan. Hence, there are officials who suggested that the government has to look into the matter and reduce it to some acceptable level.
- ❖ The town administrations in regions are also very critical in the processes that run from designing to hand over. It has been indicated in Amhara region that even the professionals at town levels have not been consulted while designing the houses. Hence it has to be emphasized that since the government is building for the people, the people should be

allowed to play their role and get proper consultations at all stages of design and construction.

- ❖ There are some instances, particularly in Oromia regional state, about the lack of transparency at all stages of the project. Hence, to win the trust of the public, the bodies executing such huge projects with millions and billions of birr have to open their doors to make the system as transparent as possible to close the loophole for misbehaving.
- ❖ Needs assessment shall be conducted before embarking on such big projects.
- ❖ The FGD conducted with stakeholders in some towns has shown that the government should lower the advance payment to the houses, as it is this advance payment that is forcing many to sell the houses even before receiving the key.
- ❖ Information obtained from the stakeholders indicated that there exists an issue of quality to be addressed while taking about the IHDP. Particularly, quality of the finishing and installation works should be given due attention.
- ❖ Stakeholders have also indicated that the issue of Value Added Tax has not been well addressed so far, as promised, and it is still adding to the cost of the housing units and hence making the housing units less affordable, especially to the salaried people. It is, therefore, very important to look into ways of relieving at least construction inputs from such taxes and make the houses relatively affordable, if not cheaper.

On UGGP

- The government shall enhance the capacity of towns in implementing their master plans, as many towns have admitted that they used to defy the plans over and over again.
- Though the small town development program envisages to prepare a plan for 600 small towns in the nation, only few of them got such service thus far. This might be due to the poor accomplishment related to enhancing the number of consultants in the sector. Hence, the ministry has to do more to increase the number of consultants in the urban planning sector as done in the construction sector.

- The government shall also hold regions accountable for failing to implement the lease proclamation. This can sometimes be done in consultation with the local people because land in some towns and regions are in the hands of tribes.
- There has to be a continuous update of price of properties as cities/towns are witnessing frequent complaints regarding the way city administrations handle compensations and complaints that follow them.
- The current move the government is making to improve the land management system shall be strengthened as it is closing the loopholes in land administration in many towns and cities.
- It is indicated in the body of this report that towns have trained thousands of people with the strong assistance from the Ethiopian Civil Service University and other institutions, including those from the overseas. However, there exists a trend in many towns and cities that the trained people are not getting the positions they deserve after the training. Hence, officials at all levels of the government should put their maximum effort in involving the trained people in positions that deserve their expertise.
- The report has also pointed out that many cities and towns have established their own city councils and have strengthened the tradition of governing themselves. However, it has been indicated by many sources that the councils are, in many instances, weak and incapable of making important decisions. This, therefore, requires a concerted effort from the concerned bodies to capacitate the councils and make them fully functional, as indicated in the provisions.

On Infrastructure

- It has been observed that many towns and cities are not giving a due emphasis on the registration of their infrastructures and this indicates that these centers need to do the same in order to manage it in a better way.
- Regions or the cities themselves should investigate different options to alleviate their shortages of construction machineries, which is raising their infrastructure cost as most of them are renting it at a very expensive rate during constructions. One possible option in this

case is looking into different Public Private Partnership arrangements and soliciting funds from donors to own these machineries.

- It is also very imperative to improve the record keeping tradition of cities/towns as much information is missing on different infrastructures, jobs created and so on.
- Cities should be assisted with trainings while registering their infrastructures under their jurisdictions. Although trainings are being offered to experts and officials at different instances, there is still a shortage of the people engaged in the job and that is why many towns/cities could not finish the registration on time.
- Capacitating the urban centers in the way they keep their records of these infrastructures and other data is also crucial. Hence, regions or the central government should strengthen their effort by providing trainings to experts from the towns/cities to enhance their capacities.

On Construction

- It has been emphasized by many stakeholders that government bodies shall take a maximum care while executing activities related to construction as there are many instances of bad practices in the sector. And it is indicated that the government should tighten its laws, rules and regulations to protect the resource of the public. To this end, the government should generally improve the regulations in a continuous manner as they rules of the game are changing very frequently.
- The government may also prepare a binding code of conduct that governs the behaviors of the contractors and consultants and penalizes them when they misbehave.
- The government shall also see into the lack of growth of the number of high grade contractors (like grade 1 and 2) and come up with a better instrument of increasing their numbers. As shown in the finding, there is a very unsatisfactory growth in the number of such contractors across years.
- A database can also be created telling stories about the performance and behaviors of contractors and consultants and made open to the public, as the public can also play a role in rewarding and penalizing them.

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