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FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

MINISTRY OF URBAN DEVELOPMENT, HOUSING & CONSTRUCTION



National Report on Housing & Sustainable Urban Development

Ministry of Urban Development, Housing and Construction



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FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA
MINISTRY OF URBAN DEVELOPMENT, HOUSING, AND CONSTRUCTION

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ACRONYMS

ADB	African Development Bank
ART	Anti Retroviral Treatment
CBB	Construction and Business Bank of Ethiopia
CBDS	Capacity Building for Decentralized Service Delivery
CBE	Commercial Bank of Ethiopia
CEDAW	Convention on the Elimination of All forms of Discrimination against Women
CRGE	Climate Resilient Green Economy
CSA	Central Statistical Agency
CSO	Civil Society Organizations
DRM	Disaster Risk Management
DRMP	Disaster Risk Management Programme
ECEX	Ethiopian Commodity Exchange
ECSC	Ethiopian Civil Service College
EPACC	Ethiopian Programme of Adaptation to Climate Change
EPE	Ethiopian petroleum Enterprise
ERA	Ethiopian Roads Authority
ETB	Ethiopian Birr
EU	European Union
FeSMEDA	Federal Small & medium Scale Enterprises Development Agency
GBV	Gender Based Violence
GDP	Gross Domestic Product
GHG	Green House Gases
GoE	Government of Ethiopia
GPEN	Gross Primary Enrolment Ratio
GTP	Growth and Transformation Plan
HEWP	Health Extension Workers' Programme
HEWs	Health Extension Workers
HFA	Hyogo Framework of Action
HIV/AIDS	Human Immune-Deficiency Virus/Acquired Immune Deficiency Syndrome
IDA	International Development Association
MDG	Millennium Development Goals

MEA	Multilateral Environmental Agreements
MoFA	Ministry of Federal Affairs
MoFed	Ministry of Finance and Economic Development
MOLSA	Ministry of Labor and Social Affairs
MoWCYA	Ministry of Women, Children, and Youth Affairs
MSE	Medium and Small Scale Enterprises
MUDHCo	Ministry of Urban Development, Housing, and Construction
MWUD	Ministry of Works and Urban Development
NAMA	National Appropriate Mitigation Actions
NAPA	National Adaptation Plan of Action
NFCCC	United Nations Framework Convention on Climate Change
NLFS	National Labor Force Surveys
PASDEP	Plan for Accelerated Development to End Poverty
PLHIV	Persons Living With HIV
RAI	Road Sector Development Program
RSDP	Rural Access Index
SDPRP	Sustainable Development and Poverty Reduction Programme
SLM	Sustainable Land Management
SNNPRS	Southern Nations, Nationalities, and Peoples Regional State
TB	Tuberculosis
TVET	Technical and Vocational Education and Training
UEAP	Universal Electricity Access Programme
UEUS	Urban Employment and Unemployment Surveys
UGGP	Urban Good Governance Program
ULG	Urban Local Government Development Program
ULGDP	Urban Local Government
URRAP	Universal Rural Road Access Program
USD	United States Dollar
VAT	Value Added Tax
VCT	Voluntary Counseling and Testing
WHO	World Health Organization

This document has been drafted by Teka Halefom (TH) Consulting Firm who is employed to provide Consultancy services by the Ministry of Urban Development, Housing and Constructions (MUDHc) to prepare a **National Housing and Sustainable Urban Development Report** by assessing and identifying urban development policies, programs and targets to document achievements and lessons learnt and challenges encountered to date in relation to the UNHABITAT AGENDA resolutions adopted in 1996 related to “Adequate Shelter for All” and “Sustainable Human Settlements in an Urbanizing World’.

The preparation of this document was primarily spearheaded by the National Habitat Committee (NHC) from project inception to completion. Various consultative meetings and workshops have been organized to review the current national and local plans of action & their implementation since 1996; assess progresses made and obstacles encountered in implementing the habitat agenda; & to agree on priorities, issues and challenges for a new urban agenda (about five Workshops in Addis Ababa and two more in Bishoftu town)

Chapter I EXECUTIVE SUMMARY

The increase in urbanization and its potential role requires the creation of a more dynamic non-agricultural economy through raising the profile of the urban agenda as a possible resource for growth and poverty reduction. Recognizing the importance of achieving a balanced urban system would certainly become a necessary concern for government as it would offer an opportunity for increasing market integration by facilitating exchanges and the division of labor, as well as facilitating partial or complete diversification in the non-agricultural sector. Further, cities could offer the opportunity to deliver services more cheaply and can act as poles of growth, thereby playing an important role in poverty reduction.

The increase in the economic weight of towns in Ethiopia is also reflected in increased concentration of people in urban areas. However, this does not seem to have been accompanied by a reduction in poverty in urban areas. Available evidence has shown that there are limitations in access to services in urban areas, suggesting that the pace of urbanization has been faster than the increase in service delivery. On the basis of cross-country evidence it can be supposed that this has been particularly the case in smaller, secondary cities where resources might be more limited, administrative capacity weaker and where migrants arrive directly from rural areas, without many assets and skills which might help them in the urban economy. For the benefits that cities can provide to materialize, several pre-conditions need to be put in place. This particularly relates to the existence of well-functioning markets for land, labor, and services, with efficient information flows. On some of these fronts, progress has been made in Ethiopia.

The urban landscape is evidently lacking in those qualitative elements that combine to produce attractive built environments, provide public amenity and enable satisfactory urban lifestyle. Many of these elements demand significant investment which is constrained by resource limitations. However, many other elements are primarily dependant on the creative aspects of urban planning and design, which are evidently lacking. Amongst other elements, one may note: The Urban Structure – most towns and cities in the country retain and display distinct legible structures, most are moulded to strict grids or hierarchies. The Urban Fabric – whilst it is to be expected that much of the urban fabric is poor and degraded, even the newer elements of the urban landscape are generally bland. The design of public facilities is generally distinctly lacking in creativity and imagination (and apparently also functionality). Major new commercial developments in Addis Ababa appear to be randomly distributed over the skyline and are probably directed more by the availability of vacant land than by development guidelines.

The Public Domain is largely preserved but only partially developed given resource constraints. When developed the emphasis appears to be directed almost exclusively on functionality indicating engineering determinism and the absence of urban design input; impacting directly on the quality of public space and restricting effective contribution to the urban fabric and the built environment. Ethiopia retains significant resources in a number of fields, which if utilised and properly deployed could significantly improve the Quality of Life of the urban population.

The political responsibility for urban development is devolved to regional states; nevertheless, the Ministry can play an important role. In particular it should; Develop and promote a vision of municipalities, their future role, and responsibilities in the economic and social development of the country, the role of the federal government and the state administrations in the urban development

process, the role, and importance of the private sector, civil society, and NGOs, Create an enabling framework for urban and municipal development; a municipal financial system that allows municipalities to perform their functions while preserving their autonomy; an Urban Development Fund or credit system that encourages improved performance within municipalities; a constitutional guarantee for municipalities at the federal level; Develop vision statement and policy options concerning the role of Addis Ababa and regional towns in order to achieve a more balanced regional development; Promote greater involvement of the private sector (Town Planners, Consultants, Contractors, etc.) in urban development activities and to improve efficiency as well as alleviate capacity constraints; assess the impact of federal economic and social development policies on urban centers and their development so as to propose modifications as needed and support capacity building at the municipal and regional level; promote applied research and the exchange of experiences.

The low-level per capita for an urban local government remains to be a serious constraint to funding investment in infrastructure and service provision. Thus, many urban local governments depend on special grants or transfers to finance certain capital investments. However, during previous years urban local governments financed such capital investment projects as; construction of cobble stone inner roads, drainage ditches, market centers, and extension of street light.

Ethiopia has yet to establish and strengthen a housing finance sector that is flexible and diversified in providing loan for the construction of housing. In particular, improving access to housing finance for the majority of low-income urban households to own affordable houses remains a serious challenge. The effort to building low-cost condominium houses that are affordable by low-income residents through the government's large-scale Integrated Housing Development Program is an experience that deserves close examination. In this respect, while the construction of the condominium houses was at low-cost it seems that many low-income urban residents cannot afford owning the houses. An indication to this is the low-ability to effect the down payment within many regional towns because of which implementation is now suspended. One major lesson to be drawn from the experience is the need to design national programs taking into consideration the specific needs and capacities of residents in different local areas.

Ineffective utilization of land resources by allowing low density, urban sprawl; Low density instigates higher travel demand and by implication imposes higher load on the environment. Ineffective measures to conserve soils; Usage of inappropriate mechanisms to direct runoff water; reduction of water seepage to the ground as a result of over-surfacing of urban grounds; inappropriate run-off water management and increased soil erosion and degradation of lands in and around urban areas are some of the urban development challenges in Ethiopia..

Lack of control mechanisms for conveyance and treatment of raw water; high water pollution: improper handling of water resource from production to the consumption level; Lack of diversity in energy use: Heavy dependence on biomass energy leading to deforestation and minimization of parks around urban centers; and minimal usage of renewable resources in urban areas. Vehicular emission is on the increase; traditional technology in domestic energy use produces high air pollution; inappropriate technology usage in industries produces high air pollution.

Increased solid waste generation with inefficient utilization of resources; prevalence of wasteful practices and waste generating habits; lack of recycling habit and technology, lack of differentiating waste by type, lack of awareness of dangers from waste etc. and lack of Lack of minimum standard

for sanitary provisions and inappropriateness of onsite sanitation facilities for dense settlements; inadequacy of sanitation facility for residents; gross lack of public bathing facilities; lack of public toilets in central areas; lack of awareness about environmental hygiene; lack of proper de-slugging methods; and limited capacity of municipalities and minimal participation of private sector operators in sludge collection are some of the critical issues that should be addressed in the future urban agenda of Ethiopia.

In this regard efforts should be directed at strengthening of organizational and human resource capacities of urban local administrations. The development and implementation of a sustainable urban infrastructure and housing finance system should form as a critical element of future urban development implementation strategies. Here the primary focus should be on improving domestic savings and revenues for infrastructure and housing developments. The experiences so far with regard to public participation in planning, delivery, and management of infrastructure, housing, and services as well as other governance issues need to be consolidated further in the future. Finally the undergoing initiatives of strengthening the urban planning, design and construction capacities need to be consolidated further to ensure better quality, cost efficiency and productivity in infrastructure and housing delivery.

Chapter II URBAN GROWTH PATTERNS AND TRENDS

II.1 MANAGING RAPID URBANIZATION

It is estimated that about 20 per cent of the total population of Ethiopia currently lives in urban areas, which has rendered it as one of the least urbanized countries in sub-Saharan Africa. Despite this low level of urbanization, however, the country has one of the highest rates of urbanization even by the standards of developing countries, which is estimated at 4.1 per cent.¹ This is also much higher than the average growth rate of the total national population, which is estimated at 3 per cent per annum. The level of urbanization has been only 6 per cent in the 1960, which has increased to 11 per cent in 1984 and 14 per cent in 1994, which is estimated to have already reached 17.2 per cent by 2013 and projected to account for 30 per cent of the total population in the year 2025.²

At present about 20 % of the population is estimated as living in urban areas. About 60 % of the urban areas are estimated to be slum devoid of basic services. It is also important to recognize the overwhelming weight of Addis Ababa in the urban picture of Ethiopia: Addis Ababa is a true primate city, with More than 3 million people, which is 14 times bigger than Mekelle, the second largest city in the country.

Moreover, recent urban growth has been unprecedented, mainly as a result of rural-urban migration, resulting in growing welfare and housing problems for the new urban poor, and increasing urban unemployment. The average urban unemployment was estimated to be 16%³. According to the HICES results, about 25% of the nation's urban populations were living below the poverty line. Recent national level data has also shown that the total unemployment rate for the youth (percentage of total labor force aged 15-24) was reported to be 25 percent⁴. There is thus an equal need for an urban poverty and welfare focus to the strategy for urban development as there is for the functional focus on urban areas' contribution to national economic growth.

The increase in the economic weight of towns in Ethiopia is also reflected in increased concentration of people in urban areas. However, this does not seem to have been accompanied by a reduction in poverty in urban areas. Available evidence has shown that there are limitations in access to services in urban areas, suggesting that the pace of urbanization has been faster than the increase in service delivery. On the basis of cross-country evidence it can be supposed that this has been particularly the case in smaller, secondary cities where resources might be more limited, administrative capacity weaker and where migrants arrive directly from rural areas, without many assets and skills which might help them in the urban economy.

For the benefits that cities can provide to materialize, several pre-conditions need to be put in place. This particularly relates to the existence of well-functioning markets for land, labor, and services, with efficient information flows. On some of these fronts, progress is needed to ensure sustainable urban development in the country.

¹ MUDHC0, CSA , 2014

² *ibid*, 2014

³ CSA, 2014

⁴ *Ibid*, 2014

The increase in urbanization and its potential role requires the creation of a more dynamic non-agricultural economy through raising the profile of the urban agenda as a possible resource for growth and poverty reduction. Recognizing the importance of achieving a balanced urban system would certainly become a necessary concern for government as it would offer an opportunity for increasing market integration by facilitating exchanges and the division of labor, as well as facilitating partial or complete diversification in the non-agricultural sector. Further, cities could offer the opportunity to deliver services more cheaply and can act as poles of growth, thereby playing an important role in poverty reduction.

II.2 RURAL-URBAN LINKAGES

Urban rural linkages in Ethiopia have been characteristically weak as different forms of linkages: market, finance, physical (spatial), public service etc were also poor and undeveloped. Market linkages are constrained due to lack of adequate transport, market facilities, market information, and institutional constraints. There was also limited flow of finance to rural areas though the recently emerged micro finance institutions have the objective of serving rural clients. The limited road network in the country had seriously hampered mobility and communication. As results not only are farmers incapable of interacting with urban centers, they also lose some of their assets such as livestock on their way to markets due to death and disappearance. Public service linkage in terms of access to higher order services such as secondary school, postal, health and telephone services was also very limited as evidenced by a very high distance of the rural mass from the urban centers housing such services.

To enhance and boost the weak linkages between the two spatial units, as evidenced in its various forms, government has enacted and implemented a number of policies since 1995 which have opened opportunities for enhanced rural urban linkages. The liberalization policy related to input and output marketing facilitates; the involvement of the private sector; the promotion of agro-processing industries and micro enterprises and the development of small towns and rural service centers are some of the essential components which have been emphasized by government so as to enhance urban rural linkages in Ethiopia over the last decade. Not less important ingredient for enhancing urban rural linkages was the Road Sector Development Program (RSDP) which has been under implementation since 1997 which provided the basis for accessing the rural sector that significantly altered the nature of the rural urban interaction in a positive way.

Government interventions in both the urban and rural areas in the construction and improvement of roads, provision of educational and health facilities, electric, and communication facilities have increased the mutual interdependence of urban and rural areas with enhanced linkages. These interventions have been undertaken both in the rural side and urban side. On the urban side, towns have catered to the needs of the rural and agricultural sector through developing improved marketing facilities, information, and infrastructure.

. Roads and telecommunication have been given adequate attention. Employment opportunities in towns have been fostered to provide access to the rural people. The way production is carried have also been dramatically improved and changed. Improvement in telecommunications integrated with the intelligent introduction of the Ethiopian Commodity Exchange (ECEX) distribution and marketing of agricultural produce as a result of which the vertical linkages between production and marketing have been maximized.

II.3 URBAN YOUTH NEEDS

Unemployment is generally reduced in urban areas but youth unemployment is still high. According to the national definition, youth comprises those persons aged 15-29 years. The rate of youth unemployment in urban areas is 23.7 percent in March 2011. Female and male unemployment rate are 30.3 percent and 16.5 percent, respectively. Youth unemployment rates show a declining trend from 26.0 percent in May 2009 to 24.5 percent in May 2010 and reached 23.7 percent in March 2011. The change of male and female unemployment also shows a marked decline during the three survey periods. However, females are more affected by the incidence of unemployment than their counterpart.⁵ The size of the youth population in urban areas is increasing due to the predominance of youth migrants which are attributed to rural-urban migration at young age. During 2007, out of the total migrants (5,683,289) from rural to the urban, the youth has constituted more than 33 percent (1,893,684).

Generally there was slight decline in the proportion of the youth in urban areas which is attributed to the decline in fertility rates which in turn has resulted from increased use of contraceptives among married women. The problems of Ethiopia youth are many, complex and inter related. Because of their limited access to training and educational opportunities and the acute shortage of recreational and sport centres, they often become victims of drug and alcohol abuse, delinquency and criminal activities. Due to the country's narrow employment opportunities, gainful employment for this age group is hard to come by.

The growing rural-urban migration is contributing to rising urban Youth unemployment, which in turn has lead to increased international migration. Environmental degradation with growing economically active populations has also increased labour and forced migration both in the country and across the borders. With a population estimated at 88 million, out of which 50% are below the age of 20, Ethiopia is bound to face considerable youth unemployment and under-employment both in the rural and urban areas. Though it is difficult to accurately estimate the magnitude of irregular migration, there are some assessments and research that show the huge increase in migration in and from Ethiopia, in particular by the youth.⁶

By the end of 2037, there will be about 34 million additional youth population in the country of which 8.8 million will be in the urban areas, respectively. Failure to address the need of the youth will result in social ills which among other things include crime, prostitution, out migration to other countries, addiction to bad habits, etc.

II.4 RESPONDING TO THE NEEDS OF THE OLD

During the 1994 census the number of the aged population in the country was close to 2,569,000 (352,969 urban) constituting about 4.8 percent of the total population of the country. In 2007 the aged population grew to 3,568,810 (4.5%) of which about 532,181 are in urban areas. According to the recent inter censual survey conducted in 2012; the proportion of the elderly population was about 4.6 percent (3,889,889).

⁵ CSA: KEY FINDINGS ON THE 2011 URBAN EMPLOYMENT UNEMPLOYMENT SURVEY, Addis Ababa October 2011,

⁶ UNDAF,2012

TABLE 1 TREND OF THE SIZE AGED POPULATION AND DEPENDENCY RATIO

YEAR	1994	2007	2012
AGED POPULATION	2,569,000	3,568,810	3,889,889
% AGED	4.8	4.5	4.6
OLD DEPENDENCY RATIO	6.2	6.1	5.9

Source: CSA (1991), CSA (1996), CSA (2008), and CSA (2013)

Between 2007 and 2012 the proportion of the aged population has slightly increased which is believed to be the result of improvement in expectation of life at birth which in turn resulted from improvement in the health service in the country. For instance, the number of hospitals and health centers has grown from 88 and 690 in 2007 to 125 and 2999, respectively, in 2012. The hospital-population and health centre-population ratio which was 1:839,983 and 1:107,128 respectively in 2007 have also declined to 1:674,568 and 1:28,116 in that order. The 2007 physician - population ratio and the nurse - population ratio which was 1:40,929 and 1:4,074, respectively, has also declined to 1:28,847 and 1:2,299 in 2012. The proportion of the aged population is expected to increase in the future with increase in expectation of life at birth.

Almost the entire elderly are exposed to various socio-economic problems. Even though almost all elderly persons need special care and assistance, some among them such as women, the physically displaced, those who have no source of support whatsoever and the disabled, need these direly and must, therefore, be given priority whenever assistance is dispensed. The absence of comprehensive social security system has also exacerbated their plight.

According to the inter censal survey (2012) the source of income for the majority of the aged population was their children or son/daughter in law (44%) followed by own work/business (40%), dependence on children or son/daughter in law being much higher among females (52%) than males (28%). Income from pension constituted close to 30 percent of the elders. During the same survey the elderly population was asked whether their earnings are sufficient for their daily needs. Accordingly, 64 percent (67%-urban, 63% - rural) reported that the earnings were not sufficient. According to the survey, many of the aged people normally need some appliance assist in their daily activities. At national level those who need or used appliance assist formed about 44 percent (43.1 male, 44.3 female) of the total elderly persons.

Addressing the current as well as future needs of the aged population which among other things include health problem, lack of balanced diet, unsuitable residential area, absence of family and community support, absence of social welfare coverage, limited social security services, absence of training education and training opportunity, limited employment and income generating opportunities will be challenge for the government.

II.5 INTEGRATING GENDER IN URBAN DEVELOPMENT

The GOE has declared its commitment to gender equality by stipulating the rights of women in its Constitution; by issuing the Women's Policy of Ethiopia and by formulating the National Action Plan on Gender and Development (2006-2010). It also revised the Family Law and Criminal Law in 2004 to address issues linked to women's rights. More recently, the Growth and Transformation Plan (2010-2015) and the Sector Development Plan for Women and Children (2011-2028) further elaborated on the Government's specific commitments to promoting women's social, economic and political empowerment.

Despite progress achieved in sectors such as education and health in line with the MDGs and international conventions, such as CEDAW, significant challenges persist in relation to achieving

gender equality. The Global Gender Gap Report (2010) ranks Ethiopia as 121 among 134 countries in terms of the magnitude and scope of gender-based disparities. Prevailing social attitudes favor men/boys over women/girls with regards to food, health care, and education while leaving women/girls with limited opportunities for participation in formal sector employment

The morbidity rate of 75.5% against 25.5% for men, maternal mortality rate of 673 per 100,000 live births, and adult HIV prevalence of 2.8 for women against 1.8% for men (HAPCO, 2009) are indicators of persisting gender inequalities in the health sector. Overall women's health has been adversely affected by poverty, poor nutrition and restricted access to health care services due to financial constraints. Only 25% of births were attended by skilled health personnel in 2009, although this represents a significant improvement compared to 16% in 2006. Contraceptive acceptance has increased from 33% in 2006/2007 to 51% in 2007/2007. The 2005 Demographic and Health Survey (DHS) indicated that 28% of women of reproductive age are chronically malnourished with the problem being particularly acute in rural areas.

Although the proportion of females was almost similar with that of male with slight dominance of males in the urban (male -50.2%, female – 49.8%), according to the result of the recent intercensal population survey, their representation in education, employment, and the like is very low. Enrollment in higher level of education of female students in 2014 the proportion of female graduates have reached about 31 % for first degree, 20.9 % for second degree and 11 % for Ph.D.

The same survey showed the fact that out of the total male and female population unemployment rate in the urban part of the country was close to 11 and 24 percent, respectively, indicating higher percentage of unemployment among females than males which is more than twice that of males. During the 1994 census unemployment rate for the male and female was 20.5 and 24.2 percent respectively. The disparity between males and females has increased during the last 18 years between 1994 and 2012 as the rate of unemployment among females has remained almost constant while that of males has declined. Similarly, there was higher illiteracy rate among females than males.

Participation of women in the non-agricultural sector has distinctly improved to approximately 50%. Women's participation in micro, small and medium size enterprises is 65%, 26% and 10% respectively, while women's share of unemployment is 68.5%. The industrial sector women comprise only 27.9 % of total workers; whereas women represent over 48.4 % of those engaged in the informal sector.⁷

Federal Civil Service Agency data on federal government employees shows that though women make up 42.2% of the employees, they occupy less than 30% of all professional, scientific, and administrative positions, indicating that upper and middle level positions are still overwhelmingly dominated by men.

Participation of Ethiopian women in political life has improved over the recent years in relation to representation in the national parliament and local councils. Nevertheless, lack of finance for election campaigns, household/family responsibilities, lack of training and gender based discrimination are among the factors constraining women's participation in public life⁸. This is particularly the case for senior management positions in the government and the private sector.

⁷ CSA, 2011

⁸ Messeret, Tehcane. (2010). The Attitude and Views of Parliamentarian towards Women's Political participation and Gender Based Quota: The Case of FDRE; Unpublished MA thesis, Institute of Gender Studies, Addis Ababa University.

TABLE 2 FEMALE POLITICAL REPRESENTATION

level of political Representation	Female Political Representation			
	1995	2000	2005	2010
Federal Parliament	2.3	8.1	21.4	28
Oromiya (No)	14	70	198	155
Tigray (%)	18	28	50	48
SNNRP (No)	10	44	91	111
Amhara (%)	8	15	29.6	31.5

Source: ETV, 2014

Government has placed a strong emphasis on the participation of women in the development process, policies and strategies have been formulated to integrate and mainstream the gender dimensions in economic, social, and political decisions. Hence, the Government has taken strong measures in placing gender responsive goals and targets to reduce the workload of women so as to enable them to participate in political and socio-economic decision-making. Furthermore, progress has been made in the adoption of a new Penal Code, which contains strong measures in support of women's rights. Protective legislations have been passed in terms of women's access to land, credit facilities, and productive resources as well. Encouraging results have been achieved in conducting awareness creation workshops to introduce gender dimensions in budgetary processes and resource allocation as well as in building the capacity to implement strategies.⁹ A good number of women has become beneficiaries of the Integrated Housing Development Program and had become owners of condominium houses in urban areas¹⁰.

II.6 FUTURE CHALLENGES AND ISSUES FOR A NEW URBAN AGENDA

While the focus of much of pro-poor development had inevitably remained rural-based, urban areas were considered and recognized to play a more central role **in the next phase** of Ethiopia's development, and in GTP periods, than they have been in the past. A numbers of reasons have been stated in the policy document¹¹ that

- The concentration of people, infrastructure, and services that take place in urban areas (including small towns) has been considered as an essential ingredient for modern sector development and economic activity;
- Urban areas were considered as providers of the essential market and demand for rural production, and the essential source of skills, services, innovation and investment that need to spread out to rural areas;
- a recognition of the inevitable shift in demographic patterns that was taking place, as people moved from saturated rural areas; and
- Urban poverty has become a growing concern.

In response to these concerns, a number of actions have been taken. An increasing focus has been given on urban and regional issues throughout the strategy – both in terms of growth and of poverty alleviation.

⁹ MoFED: GTP, 2010

¹⁰ MUDHCo. 2014

¹¹ Ibid,

Key strategic areas for urban development are poverty and unemployment reductions, sustained and integrated development through rural-urban and urban-urban linkages, participatory engagement of the urban populations in development and governance, forming strong partnerships with the private sector, and establishing effective decentralized administration systems that ensure self-rule of cities and towns.

Regarding development of urban infrastructure, the key strategy is to enhance the capacity of city administrations to plan, provide, and manage the supply of urban infrastructure and services. Investments in urban infrastructure have to consider the role and importance of the cities in regional and national social and economic development. Infrastructure development should create an environment conducive to accelerated economic development and equitable distribution of services. To realize fully the potential contribution of towns and cities to economic and social development, the development and expansion of infrastructure will have to be undertaken through the joint and coordinated efforts of the government, private sector, and the public. When infrastructure development activities are carried out, the potential to create a wide range of job opportunities and promote micro and small enterprise development, will always be taken into consideration.

The priority objectives should be to ensure stronger urban local capacities to develop and manage urban infrastructure and services, deliver efficient, effective, and fair infrastructure and services to urban citizens sustainably, and improve the urban environment for living and work. In addition, poverty and unemployment reductions are set as objectives of the various urban infrastructure and business development initiatives. Strengthening the capacity of cities to self-govern themselves and public participation are –expected to improve the governance system.

Chapter III SUSTAINABLE URBAN PLANNING AND DESIGN

At present more than half of Ethiopian urban centers have some form of plans. So far about 578 urban centers have plans that guide their spatial development. Structure Plans for 22 towns; 219 urban centers with Basic Plans; 63 with Local development Plans; 247 base maps for smaller towns; and satellite imageries of 27 have been prepared¹². The predominant hierarchy of spatial plans has been effectively limited to Urban Structural and Land-use Zoning Plans and Detailed Parcelisation Schemes which have provided distinct benefit. The absence of an integrated planning hierarchy is significant. While National and Regional Economic Development Planning are underway, the spatial dimension is reportedly not integrated. Sectoral national or regional infrastructure and service plans have reportedly been prepared but they are not integrated functionally or spatially.

The scope and functions of planning as presently practiced serves Land-use Allocation and Regulation functions; meets primary Land Administration requirements; serves specific Engineering functions; and demarcates Municipal Boundaries. Planning as presently practiced does not serve significant development functions (with particular emphasis on public health and safety); Strategic Planning functions; Infrastructural and Economic Developmental functions; or enabling and creative functions. Furthermore, Urban Planning is constrained to the confines of designated municipal boundaries and sectors of municipal responsibility. Such constraints are inappropriate for integrated spatial planning and clearly impair developmental planning and inter-sectoral coordination. Until very recently, the primary processes, practices, and techniques of planning in

¹² MUDHC, 2014

Ethiopia appear to have remained static for decades despite changes in the nomenclature. Urban Plans consist of Urban Structure / Land Use Maps and extensive reports, weighted with detail and short on conclusions and recommendations.

Plans generally lack clear statements of “vision”, goals, and objectives; definition of trends, interest, conflicts, potentials, threats, and strategies; conceptual options for assessment and decision-making; wider scale spatial integration with neighboring rural areas; basic infrastructural elements; flexibility in implementation including minimal reserve allocations; and the third dimension in its entirety. Planning documents also lack clear defined quantitative and qualitative programming directing the spatial dimensions of planning; as well as appropriate development and building regulations. The prevalent planning process, reportedly to normally extend over 1-2 years, is inappropriate in the light of constitutional and policy directives and the nature and scale of developmental imperatives and resource limitations. It also clearly impacts, indeed possibly determines, the qualitative aspects of the planning product, lacking client and stakeholder involvement and characterized by the effective compartmentalization of those inputs that are covered in the process.

Given evident professional, financial, and technological resource constraints at the local level, the local authorities clearly cannot undertake plan preparation on the scale and to the standard required. This does mean that Local Authorities, even the smaller ones, are not capable of initiating, administering, and most specifically approving or rejecting plans. These resource constraints cannot be allowed to jeopardize or even delay the planned devolution of powers to the local level. It does, however, mean that alternative supply options for plan preparation needs be assured. The private sector is severely limited in scale and in scope and, as presently constituted, does not represent an adequate alternative for the supply of planning services. It must however be viewed as the kernel of a future, if only partial, option for service provision, to be enabled and cultivated.

III.1 URBAN LAND MANAGEMENT

Land management in urban Ethiopia during the last decade was in transition and has faced many interrelated challenges simultaneously. First, while the State retains public ownership of land, the government is replacing the old system of urban land tenure (the “rent” system) by a more market-oriented system of long-term leases. The process is phased and introduces the new system gradually; starting first in major urban centers that gradually will applied and cascaded to all urban centers in the country.

Key sources of inefficiencies of land management and transaction have remained the major impediments in land management in Ethiopian urban centers due to the absence of an independent system of registering or recording real estate transactions, where City Administrations are in charge for recording transactions, certifying property rights, and maintaining records and files; City Administrations are directly involved in routine transactions: where each transaction requires “no objections” from several departments; lack of integrated urban level address system, which created enormous obstacles to identification of properties and availability and reliability of information about prices and professions are at an initial stage of development.¹³

The practice of land allocation in urban centers was driven by mass land allocation of low-priced residential plots which was not sustainable either spatially or financially. This has created unabated

¹³ MUDHCo, 2013

and wanton horizontal expansion of major urban centers at the expense of the surrounding rural areas¹⁴. Even then wait lists are endless and are growing from year to year beyond even the capacities of the urban administrations to prepare land. The overall system of land pricing and allocation by government continues to be administrative (non-market) to a very large extent that hinders the development of efficient land markets.

Lack of key information needed for land management is a major obstacle for a further efficiency increase. There are no street addresses, and cities generally do not have current land use maps or inventories of vacant land. Moreover, there is some general confusion in cities about what can and can't be expected from the federal cadastre project, and when.

The overall system of governance of land management has substantial structural shortcomings. On one hand, it excessively over regulates what land holders can and can't do, and makes it top-to-down. As a result, flexibility in land use regimes, which is desperately needed for economic development, is eliminated with all the negative implications for productive land use and re-use. What is also important, this stiff over-regulation is established at the federal and regional levels, while local governments do not have direct control over numerous land management parameters that are local by their nature (such as starting prices on auctions, types of land uses recognized in land planning documents, parameter of lease contracts, etc.)

Given this processes, the overarching goal and focus of government should be directed at making land management more effective, efficient, harmonized, and practically contributing toward implementation of public policy goals set by the government regarding economic development, urbanization, and decentralization.

III.2 ENHANCING URBAN AND PERI-URBAN FOOD PRODUCTION

The government plays a key role in the success of urban agriculture. Urbanization in most countries has historically pushed all forms of agriculture out of the city and into rural areas, considering it too dirty for the wealth and glory of the city. Land use regulations today still follow that same valorization, despite prevailing evidence that producing food within cities today would solve many looming problems.

Urban agriculture is a proven means of livelihood and source of food for many urban dwellers, particularly low-income households in developing countries. However, its contribution towards urban food security and sustainable livelihoods has never been clearly recognized, simply because urban agriculture is largely assumed to be a poor replacement for rural agricultural activities. Therefore, it is not encouraged and built into the planning process as cities develop. As a result, the sector has never received the support it deserves. But in recent years in Ethiopia, urban agriculture has gained in popularity and is being promoted as a means of sustaining the livelihoods of poor and otherwise unemployed urban dwellers¹⁵

Even if urban agriculture is being practiced in the entire major urban areas of Ethiopia. Urban agriculture in Addis Ababa is a traditional practice that is taken as a means of livelihood especially for low income communities and it is practiced in a formal and informal manner with practitioners

¹⁴ Larger towns' specifically Regional capitals like Mekelle, Bahirdar, Adama, and Hawassa have increased their size more than two fold during the last two decades.

¹⁵ Gete et al.,2007 cited In Tadesse,2010

utilizing their spare land at home, beside rivers, and in idle public land. Compound guards are often found cultivating small patches, particularly with ‘gomen’, next to their guard posts.¹⁶

In the 1990s there was no stated policy regarding urban agriculture in Ethiopia. Now, however, in many large regional towns and cities in Ethiopia, municipal governments are gaining interest in urban farming; as part of their poverty-reduction programs, they encourage urban dwellers, especially the poor and formally unemployed, to raise —fast-return animals¹⁷. For instance, the city of Addis Ababa even has an Office of Urban Agriculture. Some of the responsibilities of the office include: Design strategies for the production and supply of quality agricultural products and for the expansion of investment that enhances agricultural development in the city and implement same upon approval and Facilitate the ways for the distribution of improved products of agricultural technology, selected seed, and fertilizer, supervise the outcome thereof; give education and training as well as render professional support to farmers.

III.3 URBAN MOBILITY

Beyond road transportation infrastructure building the issues that need attention includes: increase the effectiveness of the transport system so that the cost of transportation will decrease and increase the private sector’s capacity and role in service provision; make the system more flexible and competent for efficient service delivery by restructuring the sector and improving the way it is working; and, make available all weather roads for the rural people so that the time they spent traveling will be saved and invested in other activities for more productivity.

Besides, in Addis Ababa and Dire Dawa City Administrations and other regional main cities expansion of the transportation system is highly needed as the economic activity in these cities is increasing and calls for better transport system and service for mass transit. And this will be done in accordance with the urban land utilization and development plan and its new and old traffic density in the cities. As there is an implementation capacity gap there is a need to build the administrative and the sector’s human resource capacity.

The traffic accidents in Ethiopia compared to the number of cars in the country is very high. Preventing and reducing the traffic damage happening to human life and property is very important and timely. Therefore including all regions a system should be designed which enables to do integrated traffic security and modernized traffic management system which is supported by information technology should be implemented to facilitate traffic security works.¹⁸

In fact, Ethiopia is leading the world in the number of traffic accidents per motor vehicle. Traffic accidents are also becoming the third biggest killer in the world. Compared with Norway (1994), that has 1.2 persons traffic accident death per 10,000 motor vehicles Ethiopia has 197 persons killed in 1990¹⁹. Deaths from motor vehicle accidents are increasing. For instance, Motor vehicle accidents in Addis Ababa between 2010 and 2012 have increased from 350 to 411. The national figure has increased from 2,135 to 3,132 for the same period.

¹⁶ Tadesse Amare, Review of the Urban Environment in Ethiopia; in Edwards, Sue (ed.), 2010. Ethiopian Environment Review No. 1 Forum for Environment. Addis Ababa.

¹⁷ Mara Gittleman, Urban Expansion in Addis Ababa: Effects of the Decline of Urban Agriculture on Livelihood and Food Security, 2009

¹⁸ GTP, 2011

¹⁹ A comparison of data for 94 counties can be found from www.worldbank.org/html/fpd/transport/roads/saf-docs/graphs 1.xls

III.4 TECHNICAL CAPACITY TO PLAN AND MANAGE CITIES

Urban centers are capacitated through Continued and sustained support by government. The many achievements in Improving technical capacity to plan and manage cities, not least the development of a national Urban Development Policy, Deepening Decentralized and good governance capacity in Ethiopia's urban centers is the product of concerted government efforts during the last decade and half. Progress and achievements in improving technical capacity to plan and manage cities were realized in six main areas:

Development of national policies, legislation, and regulations, the development and management of capacity building support, the development and management of national programs and projects; the initiation of studies, reports and assessments in a number of areas including urban land and real property markets, spatial and development planning, municipal finance, housing, training, human resource development and infrastructure and services development; Institutional and organizational reform - supporting good governance.²⁰

Urban Centers are capacitated through Continued and sustained support by government but never translated into effective managers and administrators at the local level. The existing weak institutional capacity, low financial and managerial capacity, inefficient working systems and procedures as well as inadequate competence and low motivation of personnel are believed to have aggravated problems in improving technical capacity to plan and manage cities.

The existing resource base is clearly inappropriate to the nature and scale of the developmental challenge facing urban centers. The professional resource base is composed of Architects & Architect Planners; Urban Planners; Engineers and Engineering Technicians; Economists & Social Scientists; GIS specialists and associated disciplines; Geographers; Land Surveyors; Urban Engineers and Technicians. Distinctly lacking in the professional resource base are specialist disciplines such as Urban Designers, Urban Landscape Architects, Ecologists and Environmental Specialists, Property Appraisers and specialized disciplines as Traffic and Transport Planners, Urban Economists, Tourism Planners and Social Planners. Attention needs be given to the qualitative capacities of the existing professional workforce and future recruits – both at the level of formal academic training, in-house training, and appropriate structured hands-on experience with adequate exposure to international “best practice” standards and procedures. Reliable data is generally in short supply and reliable processed information is, at best, rare. No effective urban data-base exists. Data is available it is simply not systematically organized, compiled, collated and analyzed for any but its immediate purpose. Most importantly, it is not analyzed on a comparative basis.

Research is undertaken but is limited in scale. Up to date standards, based on research are lacking in most fields and those that are set are not widely known or applied, let alone adapted to local requirements and goals. What data and information is available is generally not readily shared with the preponderant approach to data and information reportedly being bureaucratic and territorial. The implications of this paucity of information on planning cannot be underestimated. Without adequate reliable information, planning is a close to impossible task. There is a clear need for common standards for computing systems to ensure compatibility and transferability. A common clearing house is also essential to enable the pooling of resources (e.g. base maps) and information (e.g. plans).

²⁰ MUDH,2006

III.5 FUTURE CHALLENGES AND ISSUES FOR A NEW URBAN AGENDA

A. The urban landscape is evidently lacking in those qualitative elements that combine to produce attractive built environments, provide public amenity and enable satisfactory urban lifestyle. Many of these elements demand significant investment which is constrained by resource limitations. However, many other elements are primarily dependant on the creative aspects of urban planning and design, which are evidently lacking. Amongst other elements, one may note:

- The Urban Structure – most towns and cities in the country retain and display distinct legible structures, most are moulded to strict grids or hierarchies.
- The Urban Fabric – whilst it is to be expected that much of the urban fabric is poor and degraded, even the newer elements of the urban landscape are generally bland. The design of public facilities is generally distinctly lacking in creativity and imagination (and apparently also functionality). Major new commercial developments in Addis Ababa appear to be randomly distributed over the skyline and are probably directed more by the availability of vacant land than by development guidelines.

The Public Domain – the public domain is largely preserved but only partially developed given resource constraints. When developed the emphasis appears to be directed almost exclusively on functionality indicating engineering determinism and the absence of urban design input; impacting directly on the quality of public space and restricting effective contribution to the urban fabric and the built environment.

B. Ethiopia retains significant resources in a number of fields, which if utilised and properly deployed could significantly improve the Quality of Life of the urban population. These include:

- Land – land is indeed a limited resource and, as such, must be conserved and utilised prudently. At the same time space is a valuable amenity impacting significantly on the quality of life in urban areas, compensating for the absence of developed urban facilities and providing sanctuary from the pressures of daily life. Moreover “backyard” cultivation can significantly ameliorate urban poverty. However these aspects appear to receive little or no weight in the planning process or in the delimitation and allocation of plots. Forward-looking, creative planning can enable both medium-term lower density housing with reasonable space allocations and long-term higher density development with little extra cost.
- Landscape and natural endowments – Many parts of Ethiopia, and much of the more densely populated regions, are blessed with breath-taking landscapes, vistas and other natural endowments. Many other towns are surrounded by rich agricultural lands. These natural resources can provide significant amenity to the urban population, again compensating for other deficiencies and the hardship of daily life. However, the planned urban structures generally appear to be imposed on their natural environment, failing to respond to them, let alone to utilise and incorporate their riches in the urban structure and fabric. Urban planning and development often appears to turn its back on these elements rather than embracing and developing them. Moreover the preservation of many of these assets (woodlands, water-courses, etc.) is evidently lacking and many, particularly in the urbanised districts, have been significantly degraded.
- Culture – Ethiopia retains a uniquely rich cultural heritage deriving from both its history and its heterogeneous social composition. This wealth if utilised and applied could contribute significantly to both the quality of urban life and the development of a tourism industry. However there is little expression of this cultural heritage in the urban fabric or in the public domain, let alone in private development.

- Social support systems – the social support systems characteristic of rural society have reportedly been transferred and retained in the urban setting, particularly amongst migrant communities. Little expression, if any, is given in the planning process to these social functions, so critical to survival in the urban environment for large sections of the community.
- Fertile soil – many of the urban centres are located on naturally fertile lands. Their potential however is barely exploited. The contribution of trees and “green public space” to the urban environment, balancing the built fabric with natural elements, cannot be understated. For urban systems characterised by low levels of amenity and bleak built fabric, plentiful natural “green” elements are essential and, given the natural fertility of the soil, relatively easy to provide. Whilst it is necessary to identify appropriate low maintenance species of trees, shrubs, flora and grasses that cannot serve as fire-wood or for grazing, the planning and development of “green” elements should be readily implementable in large parts of the country. And their absence is glaringly evident.

The following are a summary of pertinent urban planning and design strategies²¹ which will make a contribution towards a healthy growth of all urban centers in the country and true contributors to the national economy. Future plans of urban centers must emphasize on

- Sustainability: committing to an environmental ethic
- Accessibility: facilitating ease of movement
- Diversity: maintaining variety and choice
- Open space: regenerating natural systems to make cities green
- Compatibility: maintaining harmony and balance
- Incentives: renewing declining cities / rebuilding brown fields
- Adaptability: facilitating “wholeness” and positive change
- Density: designing compact cities with appropriate transit
- Identity: creating/preserving a unique and memorable sense of place

Finally the undergoing initiatives of strengthening the urban planning, design and construction capacities will be consolidated further to ensure better quality, cost efficiency and productivity in infrastructure and housing delivery.²²

²¹ MUDHCo, Urban Planning Strategy, 2014.

²² GTP: MoFED, 2010

Chapter IV SUSTAINABLE URBAN DEVELOPMENT

IV.1 CLIMATE CHANGE

Climate change mitigation is stated as key issues to reach a green economy. Although this is true, adaptation measures should receive as much focus (if not more) than mitigation as Ethiopia is one of the countries in the world that is extremely vulnerable to impacts of climate change but has contributed the least to the problem. When moving towards a green economy low-carbon investments in e.g. infrastructure are highly important. However, in a country that is extremely vulnerable to climate change like Ethiopia focus should also be on sound adaptation measures. Investments should be low-carbon and high resilient.

The main objectives for the environment and climate change initiatives in the GTP are to formulate and effectively implement policies, strategies, laws, and standards which will foster social and green economy development so as to enhance the welfare of citizens and, environment sustainability. To build a “green” and climate change resilient economy there are two broadly known strategies, adaptation to climate change and mitigation of Green House Gases (GHGs). To achieve the aforementioned objectives and goals of the sector, enhancing the capacity required to build a climate change resilient green economy; developing capacity for taking actions on mitigating Green House Gases and enforcing environmental laws in all administrative units and sectors are the major targets accomplished during 2011/12.²³

In line with the GTP targets for the sector, a document which describes the vision of Climate Resilient Green Economy (CRGE) has been prepared, and Ethiopian Programme of Adaptation to Climate Change (EPACC) which deals with twenty issues has been prepared. Seven draft manuals have been prepared for helping to integrate adaptation actions to climate change into existing government documents and thus federal sectoral agencies, all regional state governments and the two City Administrations have prepared their CRGE documents.

Apart from that estimating the funding needed to implement the adaptation actions to climate change in all sectors at all levels of administration is currently undertaken. Technologies and practices for making dams climate change resilient have been compiled, and with the same token good practices and technologies for improving the environmental conditions of lakes, wetlands and river sides are being tried out in three regional states and one City Administration. A total of forty-three technologies and good practices have been identified for solid waste management, crop production that reduces the impact of the variability in the time and amount of rainfall rehabilitating degraded land, improving the availability of energy and construction materials in an environmental sound manner, purifying waste water released by factories and they are being tried in the nine regional states and two City Administrations.

IV.2 DISASTER RISK MANAGEMENT

The Government’s new approach on Disaster Risk Management (DRM), which reflects Ethiopia’s domestication of the Hyogo Framework of Action (HFA), is anchored in reducing multi-hazard

²³ MoFED, 2012

disaster risks, vulnerabilities, and impacts of potential disasters. The DRM approach is community focused and establishes clear organizational structures and roles, from the community to federal level. The new DRM approach also encompasses and guides the national Food Security Programme – the largest disaster risk reduction programme in Ethiopia - covering nearly 8 million people.

The Government has finalized DRM policy and strategy framework. The proposed multi hazard DRM system comprises six components: prevention, mitigation and preparedness (which constitute the core of disaster risk reduction), disaster response and (early) recovery and rehabilitation (which constitute the post-disaster phase). Institutional strengthening is the overarching component. Fully capacitated, the DRM system will build the resilience of communities and will lead in turn to a substantial reduction in disaster losses, in terms of both lives and social, economic, and environmental assets, thus enabling sustainable development.²⁴

Ethiopia has been implementing Disaster Risk reduction and Management (DRRM) strategies for long. However, this strategy was not comprehensive as they were focused to rural whereas disregarding urban areas. Urban context are different from rural context in terms of the spatial concentration, elements at risk, vulnerabilities and concentrated hazards – as primary hazard leads to secondary hazard. They are characterized by less visibility of every day urban risks (risk accumulation). Small disaster events are more frequent.

Elements at risk, in the context of urban areas, are:

- People (particularly vulnerable groups such as women, children, disabled persons, the poor, etc.)
- infrastructures (houses, roads, bridges, railway, airports,)
- Critical facilities (schools, hospitals, emergency shelters)
- Utilities (power, water supply sources...)

Government has acknowledged the need for conducting a continuous Risk Assessment in urban areas so as to provide possibilities for the reduction of risks and disasters in urban areas and to improve:

- Land-use planning
- Protect the most vulnerable
- Understand cost effectiveness of preventative measures
- Use of resource availability
- Effective urban development regulations and management
- Capacity building and poverty reduction programmes
- Improve socio-economic situation: Economic situation, employment, health, education, water supply, sanitation
- Infrastructure development
- Institutional arrangements and coordination
- Early Warning system, emergency response and reconstructions

IV.3 URBAN TRAFFIC MANAGEMENT

In Ethiopia, even though road transport authority is responsible to effect vehicle & driver regulations and related activities there is no well articulated procedure to efficiently guide the

²⁴ Mofed, 2013, World Bank, 2013

transport sector. Furthermore, conventional traffic control techniques like rules limiting or restricting the use of streets for other purpose; and vehicle speed are not widely and seriously applied. For example, according to the information obtained from Road Transport Authority, the maximum speed permitted in Addis Ababa is 20 to 30 kms per hour, but the actual speed is greater than 65 kms per hour. Similarly, such control techniques as the banning of turns in major traffic streams, restrictions on loading and unloading as well as parking, etc. are not well exercised all over the country.

Traffic congestion and hazardous driving conditions on account of the extremely poor condition of roads has made driving in Addis Ababa and larger urban centers a difficult task. Large segments of the urban areas have evolved without basic urban planning. Streets are narrow, winding and lack basic drainage structure and pedestrian ways. Slum and informal residential areas have only arbitrary alleys which make them out of vehicular access. Due to lack of regular maintenance, most asphalted roads quickly develop many path holes. There is no sufficient parking space and drivers park their cars on sidewalks causing terrible traffic chaos and repeated accidents. The relative rise in automobile ownership together with the poor condition of the roads and the poorly functioning traffic system have resulted in high level of congestion particularly at peak hours. Even though the some urban administrations issued road and traffic safety regulation, the practicality of those management tools is virtually non-existence.²⁵

The number of traffic accidents in Ethiopia though vary with variation in the status of urbanization of regions, the rate is increasing from time to time. Accordingly, from the total traffic accident reported in the country, Addis Ababa ranked first (61:35 percent), followed by Oromia (16:35 percent) and Amhara region (7.83 percent).²⁶ The majority of the victims reported are road users (pedestrians) which are mainly from the under privileged sector of the society (the urban poor).

The prevalence of traffic accidents in Ethiopia is obviously associated with poor traffic control techniques, weak vehicle inspection, poor license issuance mechanism, rapid increase in vehicle number, poor adaptability or flexibility of road designs to increasing traffic demand, absence of safe corridor for pedestrians, lack of proper road maintenance & upgrading, lack of loading, unloading & parking facilities, inadequate education to the community on traffic safety regulation, etc.

In general, traffic management and road safety problems are major problems in Ethiopia of which policy makers should be aware of. Therefore, the policy should address issues like lack of data collection and analysis systems; lack of institutional capacity in terms of analyzing accident data, developing & implementing policies (managing capacity) & to design specific interventions (technical capacity), in adequate legal frameworks (traffic & transport laws), lack of financial resources, insufficient judicial support and inadequate enforcement and lack of integration in all direction (Vertical and Horizontal), etc.

IV.4 AIR POLLUTION

Ethiopia's contribution to the global increase in GHG emissions since the industrial revolution has been practically negligible. Even after years of rapid economic expansion, the 2010 per capita emissions of less than 2 t CO₂e are modest compared with the more than 10 t per capita on average

²⁵ Ibid

²⁶ CSA,1994

in the EU and more than 20 t per capita in the US and Australia. Overall, Ethiopia's total emissions in 2010 were around 150 Mt CO₂e.²⁷

Of the 150 Mt CO₂e in 2010, more than 85% of GHG emissions came from the agricultural and forestry sectors. They were followed by power, transport, industry and buildings, which contributed 3% each.²⁸ The following are the minor sources of emissions (the major being agriculture and forestry) in the country specifically in activities related to transport, power, industry, and buildings, that are by and large urban in nature as summarized by the CRGE Green Economy Strategy of Ethiopia.²⁹ In transport, ~75% of the emissions come from road transport, particularly freight and construction vehicles, and to a lesser extent private passenger vehicles. Air transport also contributes a significant share (23% of transport-related emissions). Emissions from inland water transport are minimal.

The electric power sector only accounts for very low emissions as it is largely based on renewable energy, with hydro power accounting for more than 90% of total power generation capacity, supplemented by the use of on- and off-grid diesel generators administered by the Ethiopian Electric Power Corporation (EEPCo). Current emissions in the energy sector amount to below 5 Mt CO₂e or a share of 3% of the country's total emissions. (The global average for electric power generation's share of a country's GHG emissions is more than 25 %.)

Given the comparably small share of organised industrial economic activity overall, industry accounts for only 3% of GHG emissions. At nearly 2 Mt CO₂e or 50% of the 4 Mt CO₂e emissions from industry, cement is the single-largest industrial source of emissions, followed by mining (32%), and the textile and leather (17%) industry. Emissions from steel, other types of engineering, the chemicals industry (incl. fertiliser), pulp and paper industry and food processing together account for only around 2% of industrial GHG emissions.

Buildings contribute around 5 Mt CO₂e or 3% to emissions. Main drivers are emissions related to solid and liquid waste (3 Mt of CO₂e) and the use of private power generators in cities (2 Mt of CO₂e).

IV.5 FUTURE CHALLENGES AND ISSUES FOR A NEW URBAN AGENDA

Environmental degradation and climate change hampers Ethiopia's economic growth. To reach its vision Ethiopia needs to speed up mainstreaming of environmental issues and institutions needs to be strengthened to attain sustainable development and a green economy. Weak capacity in environmental management and enforcement are key challenges. There is a lack of skilled human resources in key sectors and prioritized initiatives. Pollution control is lacking and monitoring, reporting and verification of abatement measures is weak.

There is a need to strengthen capacity (for analysis, monitoring, reporting, and verification) at all level and invest in human resources development if the ambitious goal of the CRGE is to be met. Financial constraint is another area of concern. According to the EPA external factors such as the declining flow of new and additional financial resources from developed countries to developing countries (as promised by the international community) is affecting the progress towards

²⁷ FDRE: CRGE Green Economy Strategy, 2012

²⁸ FDRE:CRGE Green Economy Strategy,2012

²⁹ Ibid,2012

sustainable development and the implementation of both the GTP and CRGE.³⁰ Ethiopia also faces challenges in coordinating and integrating different development initiatives.³¹

Moreover, follow up on implementation is weak as there is a lack of statistics and suitable indicators. There is both a need for proper indicators that are possible to monitor and for mechanisms that ensures repeated assessments of progress. Proper indicators of sustainable development are currently not available in Ethiopia. The quality of the data is improving although it is still a challenge, and there are doubts around the accurateness of the figures.³²

The negative impact of urban development on the physical environment

- a. Urban demand for firewood, charcoal and construction materials leads to the depletion of rural-based natural resources (forests, wildlife, quarry sites, etc.), which often results in irreversible damage to the environment
- b. Irrational and uneconomic use of urban land leads to problems of urban sprawl in general and to the rapid and unlawful conversion of fertile agricultural land into squatter settlements in particular
- c. Inadequate and improper municipal waste collection and disposal methods are increasingly becoming major sources of pollution

The development of a green economy should be aggressively pursued and implemented with major focus on the four strategic pillars that support Ethiopia's effort on developing green economy:

- Adoption of land use efficiency measures
- Increased GHG sequestration in forestry, i.e., protecting and re-establishing forests for their economic and ecosystem services including as carbon stocks
- Deployment of renewable and clean power generation
- Use of appropriate advanced technologies in industry, transport, and buildings.

³⁰ EPA, 2012

³¹ Ibid.

³² Ibid.

Chapter V URBAN GOVERNANCE AND LEGISLATION

V.1 LEGAL AND REGULATORY FRAMEWORKS FOR URBAN DEVELOPMENT

With the change of government in 1991, a decentralized form of government has been introduced by a Federal Constitution that established a Federal Democratic Republic, consisting of nine Regional States, the federal capital city Addis Ababa, and the special administrative region of Dire Dawa. The government structure has four tiers—federal, regional, woreda (or city/municipal) and Kebele (neighborhood). The nine regional states have their own constitutions. The country has introduced a dramatic change in terms of its traditions of governance. This legal framework has enabled more participation of the regional states in matters that concern them.

Under the highly centralized Derg regime (1974-1991), Ethiopia's municipalities were marginalized and did not function as independent local authorities. Since 2000, national decentralization policies have formed part of a large-scale reform of government resulting in creation of institutional and legal frameworks for urban local government authorities. The objective has been to create and strengthen urban local government that will ensure public participation, democratization and enhance decentralized service delivery through institutional reforms, capacity building, systems development, and training.

In all regions, the Bureaus of Urban Development and Construction are responsible for urban management and development issues within the regional government. All regions that have enacted legislation creating urban local government (or city) authorities have adopted an urban governance model that follows the elected council, elected mayor, Mayor's Committee, and city manager system.

The 2000-2003 City Proclamations were developed region by region (starting with Amhara) in a fairly robust participatory process initiated by MUDHCo with consultancy inputs from GTZ (now GIZ). There was strong debate around principles – elected mayor/non elected, etc. In the end all regions followed, more or less, the result arrived at in Amhara and Tigray – Amhara then revised theirs to include additions other regions introduced.

The City Declarations are therefore relatively similar in scope and form. Generally, in principle they provide significant autonomy for cities to set their own standards, policies, plans, budgets, etc. – but other parts of the city proclamations also specify that the region will issue guidelines and directives.³³

V.2 DECENTRALIZED SERVICE DELIVERY

Government acknowledges the important role of the urban sector in overall economic growth and has established policies, strategies, and programs that support investment in urban development. Municipal authorities were established in Ethiopia in the 1940s, but fully democratic urban local governments were established after 2000, when proclamations to establish urban local governments were first issued by Regional States, and Federal government in the cases of Addis Ababa and Dire Dawa. Combined with a commitment to fiscal decentralization, the proclamations were intended to give local governments more direct and transparent control over public spending. The objective was to create and strengthen urban local governments so as to ensure public participation in making

³³ World Bank (2014) - Ethiopia Local Government Study

choices and enhanced service delivery in cities and towns. The challenge has been to find ways to support urban local governments in developing the capacities, incentives, and financial resources needed to deliver infrastructure and services to residents effectively and efficiently.³⁴

State constitutions and proclamations define regional-local relationships. Although the federal constitution only formally establishes two government levels, in practice, Ethiopia is a federal state with three main government levels: the federal level, the regional state level, and the local government level. Article 50 of the federal institution states that “the Federal Democratic Republic of Ethiopia comprises the Federal Government and the State members” and “State government shall be established at State and other administrative levels that they find necessary. Adequate power shall be granted to the lowest units of government to enable the People to participate directly in the administration of such units”. In addition, the States “shall have the following powers and functions (a) to establish a State administration that best advances self-government, a democratic order based on the rule of law, to protect and defend the Federal Constitution...” While this language is supportive of state-to-local devolution, the Constitution falls short of specifically recognizing a local government level, or providing constitutional rights or protections to (urban) local governments.³⁵

In accordance with the constitutional guidance, each regional state has adopted a proclamation establishing its local government structure. Although there are variations in the sub-regional structures among the regional states, the most prevalent local government level is formed by elected Woredas or district-level governments. Regional states are typically subdivided into administrative zones, which is a deconcentrated territorial level.³⁶ The international development community has played an important role in advocating for a strong role of the woreda level in delivering public services, through programs such as Protection of Basic Services (PBS) Program and a series of public sector capacity building projects.

Woredas are generally semi-autonomous local government entities, which have a separate legal status as a corporate body with their own political leadership (council) and their own budget accounts. The woreda council’s members are directly elected to represent each Kebele (smallest administrative unit) in the district. In practice, the terminology used to designate local governments varies: some use the term Woreda strictly to refer to rural districts, whereas others consider district-level urban units also to be Woredas.

Regional legislation typically allows for urban governments to be established at the woreda-level as well as at the sub-woreda level. Generally, the main urban areas are covered by woreda-level City Administrations are responsible for woreda-level responsibilities and concurrent state functions as well as city affairs. Depending on the regional state and on the size of the city, woreda-level City Administrations may be further sub-divided into sub-cities/city districts, and/or kebeles. Smaller municipalities—which exist in rural areas below the woreda level—may be governed by Town Administrations or Municipalities, which are exclusively responsible for municipal functions and revenues.³⁷

Some observers characterize the Ethiopia’s intergovernmental system as having some unique features that suggest that the different government levels in Ethiopia are less autonomous than

³⁴ Ibid.

³⁵ World Bank and Various studies made as background assessments of the Municipal reform of Amhara, Tigray conducted under the auspices of the Ministry have also documented such gaps.

³⁶ In some regions (such as SNNP Regional State), the zonal level is more relevant than in other regional states (emphasis by World Bank, 2014).

³⁷ World Bank Ethiopia Local Government Study, April 2014

federal systems in more industrialized countries.³⁸ However, this argument is shunned by Ethiopian policy makers as a factor of limited capacity rather than limited autonomy at lower government levels. Notwithstanding government stand to autonomy; some observers term Ethiopia's approach to federalism as "collaborative federalism" or "interdependent federalism" with institutional interdependence—rather than autonomy—of different government levels as an important feature of Ethiopia's federalist system³⁹.

The basic regional legislation that regulates cities' powers and responsibilities is found in the respective City Proclamations. However, various subsidiary legislations – most importantly the "City Tariff Regulations" - provide more detailed guidance. The City proclamations give only very broad and generally wide-ranging authority to the cities⁴⁰. For instance in Oromiya, cities are bestowed with powers to "introduce, adjust and ensure the collection of taxes, service charges according to law", in Tigray, Gambella and Benishangul Gumuz the cities are empowered to "determine and collect taxes". However, the practice that regional governments determine local tariff and tax rates has continued regardless and they continue to provide very detailed guidance in the form of City Tariff Regulations. Typically the tariff regulations include a prescriptive rating of the various urban areas within the region according to their size and economy (typically five grades). For each of these grades of urban areas the tariff regulations will subsequently either set a fixed rate or a band for each of the revenue sources.⁴¹

Regional Oversight and Support for City Financial Management

Regions provide the basic legal framework and guidelines for financial management to the cities. The legislative process has varied significantly across regions although the federal government has issued various model ("prototype") laws and regulations (e.g. for general city financial management – but not model tariff declarations). It is difficult to get a precise overview of the legislation and regulations that are effectively in place as all laws and regulations are not well published by regions.⁴²

Regional Oversight over Urban Development

In all regions, the Bureaus of Urban Development and Construction are responsible for urban management and development issues within the regional government. All regions that have enacted legislation creating urban local government (or city) authorities have adopted an urban governance model that follows the elected council, elected mayor, Mayor's Committee, and city manager system.

The Bureaus of Urban Development and Construction generally support cities with development of urban plans, monitor urban development, and also initiate support for infrastructure development. This may take the form of direct project implementation on behalf of the cities – such as, e.g., development of asphalt roads or other infrastructure or initiation of other financing schemes such as the "Incentive Based Grants" for city development. The regional Auditor General's Offices also audit cities as well as *woreda* and other entities within the regions.

³⁸ Yilmaz and Venugopal, 2008; Gebre-Egziabher and Dickovick, 2011 cited by World Bank, 2014

³⁹ World Bank Ethiopia Local Government Study, April 2014

⁴⁰ Ibid, 2014

⁴¹ World Bank Ethiopia Local Government Study, April 2014

⁴² Ibid, 2014

V.3 ENHANCING URBAN SAFETY AND SECURITY

Like any large city, Addis Ababa has a crime problem. The vast majority of criminal activity is best described as crimes of opportunity -- especially in the Mercato area and the area around the international airport in the suburb of Bole. This involves pick-pocketing, purse- and handbag-snatching, theft of items from vehicles and what is commonly known as the “faranji frenzy” -- an activity in which a foreigner is rushed by a crowd of locals (usually children) and pressed for handouts, often becoming the victim of petty theft. There are many reported incidents of fraud and confidence schemes as well, often involving vehicle repair jobs. In these, people are told their Vehicles need major repairs when that is not usually the case. Armed robbery is not unheard of in Addis Ababa, but it is uncommon. Organized crime groups are not known to be active in Ethiopia.⁴³

Ethiopia’s security and police forces have been described by business and security sources in the country as “reliable” and not prone to corruption, though it was noted that they lack the financial resources and equipment needed to operate at Western standards. The army numbers 160,000 troops and Ethiopia also maintains a national police force. Outside of urban areas, security forces are likely to be either Ethiopian soldiers or local militia. The militias are tribal and patrol certain territories that lie outside of government control, such as the border regions. There is no estimate as to the strength or makeup of the militias.⁴⁴

Westerners are not maliciously targeted by criminals, but often are singled out for petty theft because of the greater chance they will be carrying valuables. Westerners, however, should take normal and sensible precautions with regard to their personal safety. Walking around any town late at night alone in big urban may not be safe and is inadvisable.⁴⁵

Usually, public claims are heard about different crime incidences; there are developments of new technologies and ideas that facilitate some criminal activities and serious crime problems are reported to the police and transmitted through the media. Crimes against the person, crimes against property, crimes against state and municipal regulations, and white collar crimes (corruption) are frequently claimed in Urban Ethiopia⁴⁶. Crimes against public morality and public order such as drug abuse, and sexual norm violations are also commonly observed. Finally, there is a critical gap of research as far as types, incidence, rate, correlates, and patterns of crime as well as response to criminal behavior in urban areas is concerned.⁴⁷

Criminals are active throughout Ethiopia. Pick pocketing, “snatch and run” thefts, including from occupied vehicles, and other petty crimes are common in Addis Ababa. These are generally crimes of opportunity rather than planned attacks. Beginning in 2011, purse snatchings and harassment by

⁴³ STRATFOR - Addis Ababa, Ethiopia: City Security Assessment, 2005

⁴⁴ Ibid, 2005

⁴⁵ Ibid, 2005

⁴⁶ Nega Jibat & Berhanu Nigussie: Crime Situations and Reaction of Criminal Justice System in Oromiya, Ethiopia. Global Journal of HUMAN-SOCIAL SCIENCE: Sociology & Culture Volume 14 Issue 1 Version 1.0 Year 2014.

⁴⁷ Ibid, 2014

gangs of youths in the Bole area of Addis Ababa have increased. These incidents have occurred in both the daytime and nighttime. There were also beatings and stabbings of expatriates in the area. The number of residential burglaries has also increased.⁴⁸

One crime study in the Oromiya region has found out that the majority of crimes, 37,917 crimes (69.1%), were reported from rural areas compared to urban centers, 16,935 crimes (30.9%). However, this does not prove that rural Oromiya is more crime prone than its counter urban setting because it is crime rate, not percentage share, that shows clearer image of criminal tendency. Rural area with 88 percent of total population contributed only about 69 percent of crime incidences whereas urban centers with less than 15 percent population produces about 31 percent of the crimes. That is, urban settings are more crime prone than rural areas⁴⁹.

According to the same study crimes are classified in to three for the sake of comparative analysis. The three typologies of crime include crimes against the person, crimes against property, and “other crimes”. Accordingly, property crimes accounted for 13725 (25%) of the total incidence of crimes recorded in the Oromiya region. This is relatively a lesser proportion compared to property crimes in many countries including crimes reported in Addis Ababa (40%) during the decade of 2001-2010. One of the possible explanations in this regard is rural-urban differences in terms of property distribution. The reason is that there are larger and variety of properties that can be targeted in urban setting whereas land, water, crops, animals and trees/forests are the limited targets of property crimes in rural areas.⁵⁰

Property crimes are more prevalent in urban centers than rural areas and its size increases with growing urbanization. Property crimes are characterized by less clearance rate compared to violent crimes. People lose of trust and confidence on criminal justice system makes them reluctant to report property crimes. They prefer to negotiate with the criminals to re-buy their own properties. Procedural difficulties in criminal justice system and fear of harassment by the offender frustrate victims from reporting their cases. Hence, many property crimes may not be reported by the victims to the police. It may not be recorded by the police even though it is reported because of different reasons related to administration, police discretions, political motives, and efficiency evaluation.⁵¹ Although larger number of crime was reported from rural areas, urban centers were more crime prone in Ethiopia. Differences in social control mechanisms in both areas could play important role among other possible factors such as recording problems and differential access to criminal justice system.⁵²

⁴⁸ Nega Jibat & Berhanu Nigussie: Crime Situations and Reaction of Criminal Justice System in Oromiya, Ethiopia. Global Journal of HUMAN-SOCIAL SCIENCE: Sociology & Culture Volume 14 Issue 1 Version 1.0 Year 2014.

⁴⁹ Ibid, 2014

⁵⁰ Ibid, 2014

⁵¹ Nega Jibat & Berhanu Nigussie: Crime Situations and Reaction of Criminal Justice System in Oromiya, Ethiopia. Global Journal of HUMAN-SOCIAL SCIENCE: Sociology & Culture Volume 14 Issue 1 Version 1.0 Year 2014.

⁵² Ibid, 2014

V.4 SOCIAL INCLUSION AND EQUITY

Women, youth and children who constitute a significant proportion of the total Ethiopia population, are experiencing multifaceted political and socio-economic challenges. Recognizing this, government has been undertaking efforts to address the concerns with developments in sectors such as education and health. The Ethiopian Constitution lays foundations for the advancement of gender equality and women's rights. More recently, the Growth and Transformation Plan and the Sector Development Plan for Women and Children include the following issues among policy priorities: women's economic empowerment, participation of women in political and decision making; improvement of health status of women; protection of women and girls from discriminatory attitudes, violence; improvement of life quality of women and girls through their active engagement and participation in environmental protection and management.

The Federal Constitution of Ethiopia also stipulates that policies shall aim to give social security coverage to all Ethiopians (article 90(1))⁵³. The Public Servants' Pension Proclamation No. 714/2011 regulates the public sector pension scheme which covers civil servants and state employees in enterprises⁵⁴. The Social Security Agency covering employees in private organizations is established according to the Private Organization Employees' Pension Proclamation. In addition, a Productive Safety Net Programme, which provides social assistance to the needy, is operational in rural and urban areas. The Labor Proclamation also includes provisions for benefits in case of incapacity for work due to sickness or invalidity. Recent years has seen a greater political focus on the development of social protection schemes in Ethiopia.

A national social protection policy has been initiated by the federal government after the signing of the African Union Social Protection Framework⁵⁵. A National Social Protection Platform, which includes representatives from government, donors, UN organizations and other stakeholders, has also been formed and is jointly chaired by the MOLSA and the Ministry of Agriculture. The policy has been prepared to provide a framework for the coordination of social protection services in the country. Its objectives are to reduce risks, vulnerability, and poverty by promoting the productive capacity of the poor and their opportunity for income generation, thereby lifting them above the poverty line.⁵⁶

Public servants, police, and the military are covered by a specific social insurance scheme, which has now been extended to public sector workers who became private employees through privatization. Members of parliament are also entitled to social insurance benefits. Recently, the protection scheme has been extended to the formal private sector. Among the nine branches of social security cited by the ILO, social insurance in Ethiopia includes medical care, sickness benefit, old-age benefit, employment injury benefit, maternity benefit, invalidity benefit, and survivors' benefit.⁵⁷

The community based health insurance will cover informal workers on the basis of collective pooling of health risks and members are involved in the management of benefits available to all

⁵³ EFDR Constitution, 1995

⁵⁴ EFDR, Public Servants' Pension Proclamation No. 714/2011

⁵⁵ ILO, Decent work Country profile, 2012

⁵⁶ Ibid, 2012

⁵⁷ ILO, Decent work Country profile, 2012

participants. Together, the two health insurance schemes are expected to cover 50 per cent of the population and will reduce financial barriers to access to health services.

In urban Ethiopia fiscal transfers to the poorest households have been primarily in the forms of price subsidies rather than direct transfers, but the size of these transfers is much smaller than the direct transfers received by rural households. Direct transfers are only provided to rural households with subsidies in electricity, kerosene and wheat in place to reach the urban poor. As Figure 28 shows, although urban households do benefit more than rural households from subsidies, this is not enough to compensate for the lack of direct transfers to urban households among the bottom percentiles. Poverty, particularly urban poverty, would be reduced further were spending on indirect subsidies (on electricity, kerosene and wheat) converted to direct transfers.⁵⁸

Other social protection initiatives currently active in Ethiopia are the Productive Safety Net Programme, the Integrated Urban Community-based Child Care scheme, and various micro-finance schemes. Micro-finance as an instrument of social protection is also one of the programmes addressing the needs of the poor. This entails the provision of financial services to the poor who would not approach the formal banking system because they require collateral to guarantee the loan. Micro-financing is set up to be financially viable and serve the poor.

To conclude, the pension scheme in Ethiopia is the oldest formal contributory social protection system in the country and the scheme has now been extended to the private sector. It is planned that micro health insurance schemes will be extended to the informal sector. Short-term social risks such as unemployment are not covered in the social protection system of the country. On the other hand, Ethiopia has developed considerable experience in implementing social programmes and employment schemes. Linking employment schemes with social protection is also an important aspect in balancing the dimensions of social protection.

V.5 PARTICIPATORY URBAN DEVELOPMENT

Looking at the participatory mechanisms and human rights issues concerning urban development in Ethiopia, the major source of problems are gaps in urban planning and implementation efforts; the manner urban plans are prepared and applied; whether residents have say or not, the manner in which residential land is prepared and allotted; the level of access of the people for serviced lands for investment; whether or not providing infrastructure services in inner-city slums are being done without any infringements on the rights of residents. Government has acknowledge in all its policies and strategies that there were massive shortfalls in addressing to the rights of citizens⁵⁹

The Government of Ethiopia strives for public participation and transparency in the urban development process at all levels of Government. At local government level this policy ambition is also inscribed in law as all City proclamations include various requirements to that effect (see e.g. the box below).

All cities in Ethiopia have development plans, consisting of strategic development objectives and structure plans. City development plans encompass both physical and spatial objectives.

⁵⁸ Urban Development & services Practice 1(AFTU1) Sustainable Development Network Country Department 3 (AFCE3) Africa Region: 2014, "Ethiopian Urbanization Review: Making Cities Efficient & Sustainable"

⁵⁹ MUDHCo, 2014

The federal government's Growth and Transformation Plan, which outlines guiding objectives for cities, is guiding the cities in development of their own local, five- year GTP integrating both federal and local objectives. This plan is thereafter translated into the yearly Action Plan of city line-offices.

The MUDHCo is assisting the cities with development of three corresponding plans: the Revenue Enhancement Plan; the Asset management Plan and Capital Investment Plans. These plans are closely related and refer essentially to three steps of planning⁶⁰:

The Revenue Enhancement Plan (REP) shows how much revenue the city administration can generate from its own resources in three to five years' time. A key output is the Capital Investment Budget for the upcoming three years, as well as the Revenue Collection Plan, which articulates how the city will collect revenue.

The Asset Management Plan translates strategic objectives into concrete project proposals, such as infrastructure extension, or one-time investments, such as vehicles. A second function of the AMP is to manage existing infrastructure by determining maintenance requirements and costs, which are then consolidated in the maintenance budget.

The Capital Investment Plan derives from both these plans. Their key functions are to link the CIP with the city's physical and financial objectives.

MUDC has guided this process in ULGDP participating cities with TA support and use of training and manual developed by GIZ (and in earlier phases of support from Urban Institute).

A recent survey on its Annual Performance Assessment planning and budgeting of selected urban administrations in relation to the planning process and linkages of the plans with regard to:

- 1) Clear description of the planning process with evidence of the involvement and participation of citizens,
1. Extent to which O&M and recurrent costs as specified in the Asset Management Plan (AMP) are reflected in Annual Action Plan (AAP) and budget for EFY 2004; and
- 2) Evidence of clear linkages between the CIP, the Annual Action Plan (AAP), and the Procurement Plan (PP).

have shown that both the old and new ULGDP cities pursue similar strategies for participatory planning foremost in the form of public hearings at Kebele level but also with participatory meetings with specific stakeholder groups such as "professional associations, women associations, youth associations, faith based organizations, disable, University, vulnerable groups, business community, rural community, government officials, civil servants and political parties".⁶¹

Some of the most common weaknesses identified in the preparation of Capital Investment Plan include lack of integration between CIP and other documents (REP, AMP, and budget). Albeit not covered by the study, some basic shortcomings have also been noted specifically related to:

Under developed Databases for planning – especially with regards to broader development objectives and targets. Targets are often set without an in-depth assessment on the level; condition of infrastructure services such urban solid waste, neighborhood road improvements (Cobble stone).

Selection of projects are seemingly based on consultations but more explicit technical comparisons of project proposals were not also evident (e.g. some form of cost-benefit analyses).

⁶⁰ Ministry of Works and Urban Development, UGDP: Capital Investment Plan Guide for Ethiopian Cities (July 2011). cited by WB, 2014

⁶¹ MUDHCo, SUDCA 2013: ULGDP Annual Performance Assessments for EFY 2004 (2011/12) Draft July 2013 cited by World Bank, 2014.

Posting of budgets, projects, expenditures, audited accounts, and results of procurement decisions: The result of the assessment shows that most of the cities failed to post audited accounts in city offices and other public places, saying that it is confidential.

Timely submission of quarterly financial and physical progress reports. The result of the assessment shows that the majority of the cities (14 out of 19) have shown good performance in submitting all quarterly financial and physical progress reports on the time for the EFY 2004 (2011/12).

However, the study by the World Bank⁶² has identified areas that could be improved:

- 1) “Participation” is currently measured rather crudely – foremost with figures on “total number of citizen meetings” and “number of groups consulted with”. It would be unreasonable to expect the cities continuously to report on growing number of meetings and groups. Instead it could be more useful to establish a general standard for type (and number) of meetings and other opportunities for citizens to air their views. This could e.g. include standards for public hearings with standards for how agenda and other information should be shared in advance etc.
- 2) Transparency is currently measured with regards to publication of accounts, budgets etc. However, at present there is no clear format how such information in a meaningful way can be summarized in a way that effectively will empower citizens. It is recommended that clear standards be developed for such information. In addition it is recommended that the information also is made available on the Internet. More specifically it is suggested that all municipalities could upload all documents required for the APA process to an online system managed by MUDC and/or regional urban bureaus. Documents would be time-stamped when uploaded by municipalities. This would ease the assessment process and also provide relevant documentation into the public domain for greater transparency.

V.6 FUTURE CHALLENGES AND ISSUES FOR A NEW URBAN AGENDA

The political responsibility for urban development is devolved to regional states; nevertheless, the Ministry can play an important role. In particular it should;

- Develop and promote a vision of municipalities, their future role, and responsibilities in the economic and social development of the country, the role of the federal government and the state administrations in the urban development process, the role, and importance of the private sector, civil society, and NGOs.
- Create an enabling framework for urban and municipal development:
- A municipal financial system that allows municipalities to perform their functions while preserving their autonomy;
- An Urban Development Fund or credit system that encourages improved performance within municipalities.
- A constitutional guarantee for municipalities at the federal level
- Develop vision statement and policy options concerning the role of Addis Ababa and regional towns in order to achieve a more balanced regional development
- Promote greater involvement of the private sector (Town Planners, Consultants, Contractors, etc.) in urban development activities and to improve efficiency as well as alleviate capacity constraints

⁶² World Bank (April 2014) - Ethiopia Local Government Study

- Assess the impact of federal economic and social development policies on urban centers and their development so as to propose modifications as needed
- Support capacity building at the municipal and regional level; promote applied research and the exchange of experiences.

Chapter VI LOCAL URBAN ECONOMIC DEVELOPMENT

VI.1 IMPROVING MUNICIPAL/LOCAL FINANCE

During the first decade, (1991 - 2001) Government's decentralization effort largely focused to create a federal state structure constituting nine regional states and two City Administrations (Addis Ababa and Dire Dawa) with broad range of responsibilities for achieving political, economic, and social objectives. Parallel to the transfer of vast responsibilities to the regional states, Government also made commitment to fiscal decentralization with constitutional and legal provisions to the division of taxing powers and revenue sharing between the federal government and regional states, and the design of unconditional general-purpose grant as the means of federal budgetary support to the regions.

Accordingly, regional states can utilize revenue from the following sources; revenue collected from assigned own sources, grants from the federal government, domestic borrowing and, revenue from other sources. On the other hand, both the federal government and the regional states did not provide legal reference about the sources of revenue for local governments, in particular municipalities. The only exception to this are the federal proclamation providing for the lease holding of urban land and subsequent state regulations issued to introduce the lease holding of urban land. Consequently, municipal administrations throughout the country had been governed by outdated legislations that were hardly consistent with the constitutional framework to advance self-governance at all levels.

Since 2002, the Government initiated the second phase of decentralization through the District - Level Decentralization Program (DLDP) that was designed to shift decision-making closer to the people at the grass-roots level and to improve the responsiveness of service delivery. To ensure rapid decentralization of delivery responsibilities to Woreda (Districts) under the DLDP, regional states introduced a formula-driven, equity-oriented block grant to transfer significant proportion of subsidies to Woreda.

The government also launched efforts to improve and modernize the legal, fiscal, and administrative system of municipalities that govern urban areas and their rural hinterlands. Thus, the federal government approved; a revised charter for Addis Ababa city in 2003, and a charter for Dire Dawa city in 2004. In addition, between the years 2003 and 2011 all regions have passed a state proclamation to specify the powers, duties, and responsibilities of City Administrations. These legislations provided City Administrations not only broad and generally wide-ranging authority but also significant autonomy to govern and manage their local affairs.

Currently, more than 160 Urban Local Governments (ULGs) are established within relatively large and medium-sized towns of the country based on the state legislations. Unlike municipalities during previous times, ULGs are now responsible to provide both “state services”, such as education, health, justice, and security, as well as “municipal services”, such as urban roads, drainage, solid waste collection and disposal, and sanitation. State functions in different sectors are financed through regional block grants, similar to the Woreda. All municipal functions are expected to be funded from own local revenues.

Considering the legal basis for municipal revenue collection, first, the City Administration proclamation (approved by the respective regions) has specific provisions about the assignment of broad and distinct local revenue sources, and the autonomy entrusted upon the City Administrations to introduce, adjust rates/tariff, and ensure the collection of taxes. Second, in order to standardize local revenue practices, MoFED has developed a prototype "Regulation to provide for the City Government Finance Administration" in 2005 that was adopted in all regional states during 2006 - 2010. Third, through subsidiary legislation, in particular, the "City Tariff Regulation" regional states continued to provide detail guidance or even to prescribe the rates.

The above background to fiscal decentralization sets the ground to analyze the level, composition, and trends of local/municipal revenue. However, before that, first it is important to look at the broader perspective of regional revenue.

Subsidy revenue represents the largest important revenue to all the regions except Addis Ababa city, comprising on the average 66.1 percent of the aggregate total revenue of the regions. (Table 7 below) The other two sources of regional revenue, i.e., state revenue and external loan/assistance on the average account for 33.1 percent and 0.8 percent of aggregate total revenue of the regions. Addis Ababa City generates 97.2 percent of the total revenue from own sources thus does not receive subsidy.

TABLE 3 COMPOSITION OF REGIONAL REVENUE (ETB MILLION) - 2010/11

Region	State Revenue		Subsidy Revenue		Ext. Loan/Assistance		Total
	Revenue	%	Revenue	%	Revenue	%	
Tigray	937.2	33.1	1,797.4	63.4	100.5	3.5	2,835.1
Afar	155.9	14.9	891.8	85.1	0.0	0.0	1,047.7
Amhara	1,561.6	20.5	6,053.2	79.5	0.1		7,614.9
Oromiya	2,601.9	23.5	8,450.5	76.5	0.0		11,052.4
Somali	245.8	10.2	2,164.1	89.8	0.0		2,409.9
Benishangul-Gumuz	117.4	17.2	508.4	74.5	56.5		682.4
SNNPR	1,169.4	18.4	5,166.3	81.3	19.8		6,355.5
Gambela	85.5	17.4	405.4	82.6	0.0		491.0
Harari	53.8	18.9	228.7	80.1	2.9		285.5
Dire Dawa	108.0	29.3	260.2	70.7	0.0		368.2
Addis Ababa	5,962.5	97.2	41.6	0.7	131.8	2.1	6,135.8
Total	12,999.1	33.1	25,967.8	66.1	311.5	0.8	39,278.4
Total (Excl. Addis)	7,036.6	21.2	25,926.2	78.2	179.7	0.5	33,142.6

Source: World Bank (April 2014) - Ethiopia Local Government Study- Part II (pp. 45 - 47)

Excluding Addis Ababa city, the average share of subsidy revenue, state revenue, and external loan/assistance stands as 78.2, 21.2, and 0.5 percent respectively, of the aggregate total revenue of the regions. Table 8 presents state revenue and aggregate municipal revenue by region. Accordingly, the aggregate total municipal revenue is found to be only 15.6 percent of the aggregate total regional revenue. Looking at the composition of revenue by region, aggregate municipal revenue represents a relatively higher share into aggregate total regional revenue in Dire Dawa city, Oromiya, and Tigray regions. On the other hand, Addis Ababa city municipal revenue accounts for the largest proportion - 38.1 percent whereas Oromiya region accounts for the next largest contribution - 31 percent to the aggregate total municipal revenue.

Looking at the per capita level of state and municipal revenue, the average for all regions is ETB 196.1 for state revenue, ETB 36.3 for municipal revenue, and ETB 232.4 for both state and municipal revenue. In this respect, the total per capita revenue for Addis Ababa city, i.e., ETB

2,920.6 is exceptionally higher, whereas this amount is above the average for Dire Dawa city, Tigray, Harari, and Gambela regions. On the other hand, the level of municipal revenue per resident is on the average ETB 208.5. Here also Addis Ababa city, Tigray and Oromiya regions and Dire Dawa city collect greater municipal revenue per resident than the average.

TABLE 4 PER CAPITA STATE REVENUE AND MUNICIPAL REVENUE BY REGION (ETB) - 2011/12

Region	Per capita Revenue (ETB)			Municipal Revenue/resident (ETB)
	State	Municipal	Total	
Tigray	287.1	83.7	370.8	378.0
Afar	119.2	0.6	119.8	3.7
Amhara	125.4	11.6	137.0	82.5
Oromia	102.3	30.3	132.6	228.8
Somali	66.4	8.3	74.7	58.2
B.Gumuz	186.4	1.1	187.5	6.3
SNNPR	103.1	12.1	115.3	100.8
Gambella	269.2	10.9	280.1	34.4
Harari	356.5	3.4	359.9	6.5
Dire Dawa	410.6	145.4	555.9	213.4
Addis Ababa	2,533.7	386.8	2,920.6	386.9
Average	196.1	36.3	232.4	208.5

Source: World Bank (April 2014) - Ethiopia Local Government Study- Part II (p. 31)

Both per capita municipal revenue and municipal revenue per resident presented in the previous table only present the average level for each region whereas not any indication is made about differences that exist between individual ULGs. Table 10 presents per capita municipal revenue for 26 selected ULGs with an average ETB 210.60 per capita. There are few ULGs that registered per capita municipal revenue by far larger than the average, i.e., Bishoftu, Jimma, Addis Ababa, Mekelle, Shire, Adama, and Axum. Asossa, Arbaminch, Gambela, and Debre Berhan collect lower per capita municipal revenue.

TABLE 5 TOTAL AND PER CAPITA MUNICIPAL REVENUE FOR SELECTED ULGS - 2010/11

City	Municipal revenue (ETB million)	Per capita municipal revenue (ETB)	City	Municipal revenue (ETB million)	Per capita municipal revenue (ETB)
Hawassa	59.0	261.3	Arbaminch	7.9	73.8
Adama	89.7	316.9	Bishoftu	59.0	459.5
Mekelle	114.6	399.9	Jimma	65.3	420.1
Bahir Dar	67.1	243.0	Shashemene	31.1	241.1
Harar	18.6	165.2	Dire Dawa	57.4	213.4
Gondar	35.8	135.0	Addis Ababa	1,242.9	400.5
Kombolcha	8.7	116.1	Hosanna	11.1	110.0
Dessie	27.9	181.4	Ziway Batu	7.7	138.0
Axum	18.5	312.3	Adwa	10.8	201.5
Adigrat	14.2	185.7	Debre Berhan	6.7	80.8
Shire	20.1	320.6	Asossa	1.1	27.1
Soddo	13.2	120.8	Gambela	5.2	81.2
Dilla	12.4	145.4	Jijiga	19.3	126.4
Total/Average of 26 ULGs				2,025.5	210.6

Source: World Bank (April 2014) - Ethiopia Local Government Study- Part II (p. 59)

The major sources of municipal revenue include; local taxes, municipal rents, land lease income, (licenses, fee, charges), and capital income. As the table indicates, looking at the average for all the twelve ULGs, 36.2 percent - the largest contribution is from licenses, fee, and charges; 23.3 percent is accounted by municipal rents; 21.5 percent from urban land lease income; 14.1 percent from various municipal taxes; and 4.8 percent accounted by various other revenue. Looking at each of the ULGs, major variations from the average are observed. With licenses, fee, and charges - by far larger than the average in Jijiga, Harar, and Gambela. Second, municipal rents contribute substantially larger proportion to total revenue in Asossa and Ziway Batu. Third, land lease income accounts for a significant share in Mekelle, Adwa, Bahir Dar, Hawassa, and Hosanna. Fourth, municipal taxes are a relatively significant revenue category in the medium-sized towns of Debre Berhan, Ziway Batu, and Adwa.

TABLE 6 COMPOSITION OF MUNICIPAL REVENUE BY CATEGORY (% OF TOTAL) FOR SELECTED ULGS - 2011/12

City	Total Revenue (ETB million)	Municipal Taxes	Municipal Rents	Urban Land Lease	License fee, Charges	Other Revenue
Hawassa	59.0	1.2	14.7	39.0	40.6	4.5
Hosanna	11.1	16.9	21.0	28.9	32.8	0.4
Ziway Batu	7.7	33.5	46.7	0.0	12.1	7.7
Adama	89.7	0.0	28.5	20.5	44.1	6.9
Mekelle	114.6	2.7	13.3	51.7	31.6	0.6
Adwa	10.8	19.9	14.4	44.7	17.7	3.2
Bahir Dar	67.1	1.6	6.8	40.2	44.5	6.9
Debre Berhan	6.7	67.7	7.7	0.0	3.9	20.8
Asossa	1.1	15.0	75.7	0.0	9.4	0.0
Gambella	5.2	8.5	21.1	20.3	49.5	0.6
Jijiga	19.3	2.8	1.1	0.0	93.7	2.3
Harar	18.6	0.0	28.6	12.7	54.8	3.8
Average	411.1	14.1	23.3	21.5	36.2	4.8

Source: World Bank (April 2014) - Ethiopia Local Government Study- Part II (pp. 61 - 62)

Table 5.1.6 illustrates the trends of municipal revenue during the previous five years based on data from 19 ULGDP partner cities that are more populous and have better capacities in comparison to other ULGs across the country. Thus, the aggregate municipal revenue of all 19 ULGs exhibited 16 percent average year-on-year increase in nominal terms.

Some of the reasons for the increasing trend of revenue include; a) the revision of tax rates, tariff, and fees, b) land lease income, c) better organization of revenue mobilization and financial management functions of municipalities and city administrations, and d) greater citizen participation in local development activities⁶³.

On the other hand, interventions related to the urban finance and financial management sub-program may have some positive impact to improved revenue in a number of urban local governments. In this respect, the revised UGGP document⁶⁴ indicated; First, a threefold increase in revenue was observed In Addis Ababa and Adama cities during recent years because of; a) implementing the tax system improvement reform, b) delegating revenue collection authority for certain revenue sources to lower tiers, c) introducing modern and effective working systems or

⁶³ MWUD, Final Evaluation of CBDSD - Final Report, December 2008

⁶⁴ MWUD, Ginbot 2001 Eth.C - The Urban Good Governance Program (Revised and Approved) Amharic.

procedures, d) upgrading the skills of manpower and, e) Increasing revenue from the land lease. Second, within other regions and urban local governments relative improvement in revenue was observed during previous ten years through introducing revised taxes, tariff, and fees. Third, many towns did not improve their revenue significantly as they applied outdated taxes, tariff and fees.

Considering municipal revenue adjusted to the average level of inflation (inflation adjusted to 2008/09), average 4 percent year-on-year real decline is observed. The level of real decline is more for cities like Jimma and Shashemene. On the other hand, significant increase in real terms is registered in Soddo, Axum, Kombolcha, and Bishoftu.

**TABLE 7 TRENDS OF OWN SOURCE MUNICIPAL REVENUE (ETB MILLION)
SELECTED ULGS - 2008/09 - 2012/13**

City	2008/09	2009/10	2010/11	2011/12	2012/13	Average year-on-year Nominal (%)	Average year-on-year Adjusted Real (%)
Addis Ababa	600	637	797	1,242	935	116	(96)
Dire Dawa	23	36	48	57	72	134	113
Adama	86	43	90	88	123	124	103
Bishoftu	38	29	76	59	77	137	115
Shashemene	30	32	29	31	31	101	(84)
Jimma	36	31	33	31	25	(92)	(77)
Hawassa	34	31	47	53	62	118	(98)
Dilla	6	7	11	12	13	123	103
Soddo	7	17	21	13	19	144	124
Arbaminch	6	5	6	8	13	125	103
Mekelle	67	67	87	115	147	122	102
Adigrat	7	7	10	14	19	130	107
Shire	8	8	13	20	22	132	109
Axum	7	6	16	19	16	139	117
Bahir Dar	43	65	44	68	118	137	113
Gondar	24	28	32	36	40	114	(95)
Dessie	15	23	24	32	35	125	105
Kombolcha	4	7	10	9	13	138	117
Harar	12	14	16	18	24	119	100
Total	1,053	1,093	1,410	1,925	1,804	116	(96)

Source: World Bank (April 2014) - Ethiopia Local Government Study - Part II (pp. 63 - 64)

Efforts to improve revenue

The leasing of urban land was initially implemented in Addis Ababa, Dire Dawa and 28 selected regional towns. In 2008 land lease, policy became introduced in 65 towns in the four major regions. The government envisages introducing the policy in all Urban Local Governments. In addition, there is a plan to transfer all previous land holdings to a lease system. Leasing urban land has significant impact to improving local revenue.

Regions also attempted to revise the outdated municipal taxes, tariffs, and fees in order to enhance municipal revenue. Yet, impact was limited due to inadequate involvement of municipalities in the process and lack of consultation of the community and residents.

Following the revision of city proclamations, it became necessary to streamline and reorganize the financial management of Urban Local Governments through a merger of financial management and revenue administration functions of the city and the municipality.

The government also launched the Urban Good Governance Program (UGGP) in 2006/2007 for implementation until 2009/10. One of the seven sub-programs of UGGP is the "Urban Finance and Financial Management Reform" which envisages establishing improved financial management systems in city administrations and enhancing their financial capacity.

To this effect, interventions have been made; a) to establish financial management laws, regulations and procedures, b) to install a financial planning and budgeting system compatible and integrated with the federal government and regional states, c) to install transparent accounting and financial reporting systems, d) to introduce a computerized financial management system, e) to enhance the revenue raising capacity of city administrations.

VI.2 HOUSING FINANCE

Since the transition in 1991, the EPRDF government has sought to introduce a more market-oriented approach to housing development. With the introduction of the urban land lease holding Proclamation in 1993, the government defined leasehold as the tenure form of choice. Land to be used for social services and low-cost houses may be leased free of charge (Proclamation No. 80/1993). The Addis Ababa City Government's Urban Land Lease Holding Regulation No. 3/1994 declared that urban land should be used for business activities and residential construction. In addition to the land lease law, other measures have contributed to the liberalization of the housing market. Subsidies on the sale of building materials have been removed and interest rates for housing construction have been set at market rates, etc (Regulation No. 3/1994).

There was slow development of financial institutions in Ethiopia. This can be demonstrated by the fact that there were no private financial institutions until 1995 and previous formal housing finance mechanisms did not have good record in Ethiopia. Around the culmination of the Imperial Regime, two housing finance institutions were established. When the Derg assumed power, these institutions were merged to form the public sector Housing and Saving Bank (HSB). This bank provided housing loans with subsidized interest rates (4 to 5 percent) from 1975 to 1991 to members of housing cooperatives with verifiable regular incomes. After financial restructuring, the Housing and Saving Bank was reorganized as an all purpose retail and investment bank and renamed the Construction and Business Bank (CBB). Its former emphasis on housing finance was reduced and market interest rates (as high as 18 percent) were applied to housing loans⁶⁵

Following the market-led adjustments implemented - post-1991- subsidized interest rates were removed which significantly increased lending rates. Rates increased from 4.5 per cent for co-operatives and 7.5 per cent for individuals to 16 per cent for both, severely reducing the opportunity for the low-income households to secure a home loan.⁶⁶ Furthermore, with a high percentage of low-income people receiving income from informal sources and lacking capital to use as collateral, access to formal credit has been limited or non-existent. The low level of domestic savings of the population, coupled with the shortage of external resources, has affected the availability of investment in the housing sector. At the household level, these translate into a low level of

⁶⁵ Ministry of Works and Urban Development, 2006. Pan for Accelerated and sustained Development to End Poverty (2005/06-2009/10): Urban Development and Construction Industry component of PASDEP. Addis Ababa: MoWUD.

⁶⁶ Haregewoin, Y. (2007) Integrated Housing Development Programs for Urban Poverty Alleviation and Sustainable Development (The Case of Addis Ababa). Proceedings, European Network for Housing Research 2007: Sustainable Urban Areas. Rotterdam, 25-28 June 2007. P.32. Cited by UN-HABITAT, 2010.

investment in housing, and little capacity of the low income population to own minimum-standard housing. Houses of a minimum standard have simply been out of financial reach for the poor.⁶⁷

Further, the difficulty to mobilize adequate savings by low-income households coupled with the requirement by the bank to present evidence of a regular employment, income and a collateral in property and asset valued at 30% of the total construction cost made it all impossible for many low-income households to access housing loan as they depend on the informal sector.

To address the acute urban housing problems, various approaches have been experimented of which the IHDP that was first introduced by the Addis Ababa city administration in 2004 was found to be a worthy exercise that was immediately scaled up to address the urban housing problem in the country. The development of the national IHDP in 2006 capitalized on the experiences of Addis Ababa city administration between 2004 and 2005 that had introduced new ways of delivering low cost affordable housing to urban residents (MoWUD, 2008).

The IHDP design has made serious consideration to make the houses low-cost and affordable to many low and middle-income urban residents. Accordingly, the actual construction cost of the programme per sq. meter of ETB 886 (USD 68) that increased from the planned ETB 800 (USD 61) was considerably lower than the construction cost in the free market estimated to reach ETB 2000 (USD 154). Such significant reduction in the cost of construction was made possible by the programme among others due to the type of technology used, because of management and the level of internal finishes, the phasing strategies, and the absence of floor tiles, the floor screed finish, and absence of wall plastering - all increasing the affordability of the scheme⁶⁸.

Further, introducing subsidy mechanism the average price was set at ETB 800 (USD 62), ETB 900 (USD 69), ETB 1100 (USD 85), and ETB 1200 (USD 92) per sq. meter for Studio, one-bed room, two-bed room and three-bed rooms housing types respectively. Related to this, target beneficiaries for each typology of housing were identified by their monthly income, with residents earning ETB 300 (USD 23), ETB 600 (USD 46), ETB 1200 (USD 92) and ETB 1800 (USD 138) considered eligible for a Studio, one-bed room, two-bed room and three-bed room type houses respectively.⁶⁹

During 2006 - 2010, the government planned to construct a total of 360,000 condominium housing units of which 175,000 (48.6%) were in Addis Ababa city and the rest 185,000 (51.4%) in selected regional towns. In terms of typology of the planned condominium houses, the percentage share of Studio, one-bed room, two-bed rooms, and three-bed rooms was 21%, 41%, 30%, and 8% respectively⁷⁰.

The IHDP was funded through acquisition of government bonds from the Commercial Bank of Ethiopia (CBE), which during previous years provided loan only for commercial purposes. Since 2006, an arrangement was made for the regions to sell bonds and access CBE loan to finance implementation of the IHDP. Accordingly, by the end of 2011, the CBE provided ETB 3.2 billion (USD 153 million) in bonds to the government towards implementation of the IHDP, whereas it received a return of ETB 2 billion (USD 153 million)⁷¹.

Thus, CBE provided funding to implement the total cost of the program. The Federal government and regional states also made an exemption of Value Added Tax (VAT) on import of all building materials and machinery for use by the IHDP.

⁶⁷ Ibid.

⁶⁸ Ibid.

⁶⁹ Ibid.

⁷⁰ Ibid.

⁷¹ Ibid.

The program was made to recover 100% of its cost with its beneficiaries paying the cost of housing construction while the cost of land and infrastructure was made to be recovered through the sale of commercial units which was about 6.6% of the number of houses in an auction.

During the first phase i.e., 2006/7 - 2009/10, the IHDP delivered only 142,802 (or 36%) of the 396,000 housing units mainly due to lack of adequate financing from the National Bank of Ethiopia (NBE). From the total housing units constructed 62,557 (43.8%) were in Addis Ababa city while the remaining 80,245 (56.2%) were in the regional towns. In terms of housing typology, the largest share - 39.4% represented one-bed room, 29.2% were two-bed room, 16.2% were studio, 8.5% were three-bed room, and only 6.6% were commercial units⁷².

Moreover, during the second phase, the IHDP delivered a total of 96,233 units - 70,712 units under 20/80 condominium housing development, 24,288 units under 10/90 low-income housing development, and 1,233 units under the 40/60 savings housing development⁷³.

MUDHC reports indicate that until the end of 2012/13, 175,000 units were under construction in Addis Ababa city, of which 90,375 units (51.6%) were completed and transferred to beneficiaries. Likewise, 67,633 units were under construction in the regions of which 55,237 units (81.7%) were completed and transferred to beneficiaries.

Completed housing units are allocated to beneficiaries through a computer-based lottery system. All eligible lottery entrants are required to fill the registration forms and present evidence for living at least six months in the town and for not owning property. The lottery draw takes place publicly, with the first 30% quota drawn for women and the rest 70% drawn for all.

Before the transfer of completed houses to prospective owners, beneficiaries should contribute 20% of the total construction cost from their own savings. They are also required to complete contractual loan agreement with the CBE on the terms of monthly payments of the principal and interest (annual interest rate of 8.5 %).

According to MUDHC reports by the end of 2012/13 a total of ETB 14.7 billion (USD 0.9 billion) loan was provided to regions and cities to implement the IHDP. Out of this total, ETB 8.3 billion (USD 42.5 million) or 56.5% repayment was made to CBE.

Whereas there is much interest for the IHDP in Addis Ababa and few larger cities that are seats of the regional states, since mid 2010 implementation of the program was suspended in the regions because of low effective demand and weak ability to pay the down payment and the monthly mortgage (principal and interest)⁷⁴.

The Housing Development Policy and Strategic Framework document stipulates that Government will play a major role in the urban housing delivery process with the participation of different housing development actors. It further stresses that government will integrate and coordinate housing delivery efforts so as to enable access to housing to the poor and middle income households by integrating the Housing development sector with employment creation. It also encourages and promotes household level private savings. More specifically, the policy put support packages and schemes that include free land supply, taxation, technical support, establishing and promoting saving schemes, loan arrangement, and capacity building.⁷⁵

⁷² UN-Habitat, 2014: Structural Transformation in Ethiopia - The Urban Dimension, Building "Economically Productive, Socially Inclusive, Environmentally Sustainable, & Well Governed" Cities. Nairobi.

⁷³ Ibid.

⁷⁴ UN-Habitat, 2011: Condominium Housing in Ethiopia - The Integrated Housing Development Programme, Nairobi.

⁷⁵ MUDHCo (2014) The Housing Development Policy and Strategic Framework, Addis Ababa, Ethiopia.

The Housing Development Policy and Strategic Framework document has identified major actors that will participate in the housing development and delivery process. According to the Policy document, Real Estate and Housing Associations and 40/60 Housing Development Scheme Developers will satisfy 3%, 7 % and 10 % of the housing needs respectively; the remaining 80 % of the total needs will be met by 20/80 and 10/90 Housing Development Scheme.⁷⁶

The government has developed three housing sub-programs under the new urban housing policy and strategy framework⁷⁷. The programs include the delivery of affordable housing, the purchase of which is then financed at subsidized interest rates. Target beneficiaries of the first, '40/60' programme are middle and high-income earning households. They should save 40% upfront over five years, realizing a 5.5% interest on savings. For the remaining 60% of the purchase price, they can get loan which they will have to repay over 17 years at a rate of 7.5%.

The second, "10/90" programme has its target largely low-income residents, primarily civil servants, earning a monthly income below ETB 1 000 (USD 54). Low-income households are required to save 10% of the purchase price for two years, realizing 5% interest on their savings. The remaining 90% of the purchase price is then paid back over 25 years at a rate of 9.5%. The total cost of the house is set at ETB 76,615 (US\$ 4 166) for (29 m²) - one-room apartment.

The third programme, '20/80', requires households to provide a 20% deposit, and then a 20 year loan is provided for the remaining 80% of the purchase price at a rate of 9.5%. A total of 862,216 residents of Addis Ababa city had opened special saving account for the 10/90 and 20/80 housing schemes at the Commercial Bank of Ethiopia. The bank will finance between 80% and 90% of the total cost of the houses while the rest is covered by residents in the form of a down payment.

VI.3 MICRO AND SMALL SCALE ENTERPRISE DEVELOPMENT

Government has recognized the significant role that the micro and small-scale enterprises sub-sector plays in the national development and, particularly, in the creation of employment opportunities and the reduction of poverty. The government formulated a National Micro and Small Scale Enterprises development and promotion strategy, which enlightens a systematic approach to alleviate the problems and promote the growth of MSEs in 1997. The national Urban Development Policy emphasizes the expansion and development of MSEs as one of the key interventions to ensuring rapid and equitable development within urban areas. In 2010/11, the government has approved a revised MSEs development policy and strategy. The revision was necessary among others; to draw useful lessons from implementing the program during previous years, to sustain past gains or achievements into the GTP period and, to incorporate international best practices or improved experiences of other countries.

The current MSEs development policy and strategy envisages "creating a competitive micro and small scale enterprise sector that forms the sustainable and broader basis to the industrial development of the country". The policy and strategy gives priority and emphasis to those MSEs engaged in the manufacturing sector. It also elaborates a comprehensive support framework that enables the development of MSEs.

⁷⁶ Ibid, 2014.

⁷⁷ Centre for Affordable Housing Finance in Africa, 2013: Housing Finance in Africa - 2013 Year Book, A review of some of Africa's housing finance markets. P. 79

The national profile⁷⁸ of MSEs indicates that by the end of 2011/12, 217,636 MSEs were organized in the regions and urban centers across the country of which 201,758 or (92.7%) are micro enterprises. From the total enterprises, 43.8% operate in Amhara region, 33.3% in Tigray region, 13.1% in Oromia region, 4.3% in SNNPR, and 4.6% in Addis Ababa city while the remaining 0.7% operates in Dire Dawa city and six other regions. At their start-up, the enterprises had 540,602 members, of which 36.5% were female. Currently, the enterprises have 690,749 operators (37.4% female members), which indicates 27.8% increase in total members. The present regional distribution of these members reveals; 34.9% are found in Oromiya region, 24.6% in Amhara region, 17.6% in Tigray region, 11.1% in Addis Ababa city, and 8.9% are found in SNNPR.

Regarding the duration since the start-up, from the total 217,636 MSEs 19.0% started operation before 2007/08 whereas 76.8% of the enterprises started operation after 2007/08, currently have operational experience more than five years. Most of these enterprises were organized during the past three years, thus have few years experience. This also indicates Government's better attention and effort to developing the MSEs sector during recent years.

Looking at the type of organization of these enterprises, 75.1% - the largest proportion were privately owned, 11.7% - in business association and, 7.2% - under cooperative association. Considering the stage of development of the enterprises, the largest proportion - 85% were at a start-up stage, 9.3% at the growth stage and, only 1.4% at the maturity stage.

From the total enterprises, 117,618 (54.0%) enterprises engaged in different sectors and operate in different locations were issued a Tax Identification Number (TIN). The enterprises had an aggregate start-up capital estimated at ETB 1.949 billion which increased by more than 43 fold at the present to aggregate current capital of ETB 86.245 billion.

Considering composition of the enterprises by sector, from the total 217,636 MSEs - 43.2% engage in trade, 24.5% provide services, 14.9% involve in manufacturing, 10.0% work in urban agriculture, and 6.9% perform construction works.

During previous years the government has been providing comprehensive support to existing and newly organized MSEs; including provision of training, access to credit, promoting market linkage (domestic and foreign), support in technology transfer, provision of operating and marketing premises or plots.

Thus, training was provided to 3,082,331 operators during 2008/09 - 2011/12, from which 34.2% are from Oromiya region, 21.1% from SNNPR, 18.3% from Tigray region, 15.4% from Amhara region, and 9.5% from Addis Ababa city. Regarding the specific kind of training, from the 2,080,295 operators that took training during 2010/11 - 2012/13, 49.2% participated in a training program on entrepreneurship or business management, whereas the remaining 50.8% benefited from technical skills training.

Referring to the provision of operating and marketing premises, during the reference period about 10,759.7 hectare plots of land, 15,611 sheds, and 1,236 buildings have been transferred to a number of MSEs operators in different cities across the country.

With reference to creating access to credit, about ETB 7.189 billion loans was extended to 661,227 beneficiaries during the period. The regional distribution of the loan indicates; 32.6% to Addis Ababa city, 22.4% to Amhara region, 21.0% to Tigray region, 12.2% to Oromiya region, and 10.4%

⁷⁸ FeMSEDA (2013/14) - National Profile of MSEs

to SNNPR. Likewise, the respective share of regions from total beneficiaries indicates; 25.8% in Tigray region, 24.7% in Amhara region, 23.7% in Addis Ababa city, and 20.6% in Oromiya region.

From the total loan provided to MSEs Operators, ETB 890 million in 2010/11, ETB 702.557 million in 2011/12, and ETB 1.76 billion in 2012/13 was recovered from loan repayment. On the other hand, MSEs Operators mobilized through saving deposit; ETB 1.445 billion in 2011/12 and ETB 3.42 billion in 2012/13.

In reference to promoting market linkage, during the period about ETB 15.922 billion local and foreign market linkage was created; from which: the share of Addis Ababa city is 30.2%, Oromiya region is 23.0%, Tigray region is 20.2%, and SNNPR is 13.3%.

Related to strengthening of existing one-stop service centers and establishing new centers, in 2010/11 there were 825 such centers in the country. Since then, a number of new centers were created; 212 in 2011/12, 76 in 2012/13, and 129 in 2013/14 bringing the current total of 1,242 one-stop service providing centers to MSEs in the country.

Employment creation

TABLE 8 TOTAL EMPLOYMENT CREATED BY MSEs AND MEGA PROJECTS (2009/10 - 2012/13)

	2009/10	2010/11	2011/12	2012/13	Total	%
MSEs	666,192	541,883	659,821	1,223,679	3,091,575	67.7
% Permanent	-	53.3	65.7	59.0	59.5	
% Female	-	46.5	40.6	-	-	
Mega Projects	-	191,243	488,179	797,995	1,477,417	32.3
Total	666,192	733,126	1,148,080	2,021,674	4,568,992	100

Source: Compiled from FeMSEDA and MUDC Annual reports

During 2009/10 - 2012/13, 4,330,657 permanent and temporary job opportunity was created nationally by the MSEs sector, from which 3,091,575 (71.4%) was created during the last four years. As Table 5.3.1 indicates, the average share of MSEs employment from the total formal employment was 67.7% during the previous four years. On the other hand, the contribution of mega projects to total formal sector employment was 32.3% of the total. These include large-scale government projects under implementation such as; the Integrated Housing Development Program (IHDP), the Cobble Stone, and Urban Infrastructure Development project, and the road construction project.

During 2010/11 - 2012/13 on average permanent employment accounted for 59.5% of total MSEs employment, whereas temporary employment constituted the remaining 40.5%. Further, from the total MSEs employment the share of female employment was 46.5% and 40.6% respectively in 2010/11 and 2011/12.

The regional distribution of the total 1,223,679 employment generated by MSEs in 2012/13 reveals the following respective shares; Oromiya region -39.1%, Addis Ababa city - 20.5%, Amhara region - 17.6%, Tigray region - 10.7%, and SNNPR - 9.3%. In addition, from the total 2,021,674 employment created by MSEs and mega projects only 70,100 (3.5%) were university, college or technical and vocational school graduates in 2012/13.

Investment Growth and FDI attraction

During previous years, Government has made concerted effort to create conducive investment climate and to make the country one of the preferred destinations of foreign direct investment in

east Africa. The Investment Proclamation has seen four revisions in order to respond to current realities and the needs of investors. To address bureaucratic hurdles, one-stop service for investors is organized. However, looking at the country's "Ease of doing business" rank, i.e., 125 much more needs to be done to attract investment and improve performances.

During 1991/92 - 2000/01 about 5,637 projects with an estimated investment capital ETB 58.642 billion were issued investment license. However, investors, which started operation during the period, were only 57.1% of the projects or 66.1% in terms of investment capital. In addition, the largest proportion of these projects (about 96.5% in number and 66.9% of the registered capital) was owned by domestic investors.

On the other hand, during 2001/02 - 2011/12 52,190 projects with combined capital of ETB 1,068.3 billion received investment license whereas only 12% of the projects in number and 32% of the investment capital started operation during the period.

To attract investment and improve performances, since previous years, the government has been making significant investment in key infrastructure, electric power, roads, and telecommunications. In addition, at the local level, a number of towns have designated industrial zone with the requisite infrastructure.

More recently, a national program of industrial zone development is being coordinated under the Ministry of Industry. The first phase of program implementation involves five selected sites - Bole-Lemi, Kombolcha, Dire Dawa, Hawassa, and Akaki-Kilinto. In these sites, factory shades and buildings for joint use will be constructed. Infrastructure and services will also be provided.

VI.4 CREATING DECENT JOBS AND LIVELIHOODS

The Decent Work Country Profile for Ethiopia⁷⁹ has been prepared through a partnership between the government, the Ethiopian Employers Federation (EEF) and the Confederation of Ethiopian Trade Unions (CETU), with technical and financial support from the ILO.

Covering the four dimensions of decent work across eleven thematic areas, the Decent Work Country Profile for Ethiopia contains systematic information on rights at work and the legal framework for decent work, which provide the essential context for which analysis of important statistical indicators can be made.

It draws on data from National Labor Force Surveys (NLFS) of 1999 and 2005, as well as the Urban Employment and Unemployment Surveys (UEUS) of 2009 and 2010. Further information provided by relevant stakeholders including the Central Statistical Agency (CSA), Ministry of Labor and Social Affairs (MOLSA), Ministry of Finance and Economic Development (MOFED), trade unions and employers' organizations; and administrative records from line Ministries and other organizations have been used.

The profile reveals recent progress in a variety of areas, including the socio-economic context, employment, and work that should be abolished. In education sector, for example, the last decade has seen rising adult literacy and secondary school graduation rates, along with declines in the share of children out of school. Linked to this, it is observed that child labor has fallen in recent years.

⁷⁹ International Labor Office, (ILO) Country Office for Ethiopia and Somalia - Addis Ababa: ILO, 2013. Decent work country profile: Ethiopia

Likewise, health indicators such as antenatal and potential health service coverage have improved since the early part of the last decade. Coupled with sustained high economic growth, the preconditions for advancing decent work in Ethiopia have also therefore improved.

The profile reveals rising labor force participation and employment to population ratios among men and women, which suggest both a growing (and potentially) productive workforce and a rising capacity of the economy to generate jobs. Alongside this, informal employment has declined and policy and programmatic steps from the government to enhance the quality and scope of social security have been intensified. The profile further shows that vulnerable and precarious forms of employment remain widespread in the country. Poverty (although falling) low pay, remain a concern.

Furthermore, wage disparities between men and women, and low proportion of women formal employment are some of the labor market characteristics observed in Ethiopia. The profile also highlights the current limitations in the country in terms of data availability, and the emergence of knowledge gaps, which, if bridged, could provide more accurate diagnostics for decent work and broader developmental plans and policies.

The five-year Growth and Transformation Plan (GTP), focuses on socio-economic growth and transformation as a means of attaining equitable social development. It highlights the importance of supporting micro and small-scale enterprises and strengthening Technical and Vocational Education and Training (TVET), as part of a broader program promoting productive job creation.

With respect to employment opportunities, the government's development approach incorporates the promotion of decent work through capacity building and intensive use of labor, as well as the abolition of unacceptable forms of work like child labor (including its worst forms).

Although some improvements are observed in Ethiopia's labor market situation, the country still struggles to create sufficient jobs to meet labor market demand. Moreover, job quality across much of the work force remains a concern, since a high proportion of employment opportunities are still being created in the informal economy, while unemployment remains a particular problem for specific groups like women and young people in urban areas.

The Federal Civil Service Proclamation governs the Labor Proclamation that sets out a maximum working time of eight hours a day and 48 hours per week for workers in the private sector. While it is acknowledged that many low-income employees need to work overtime to increase their earnings, efforts to gauge the extent to which legal provisions on the maximum working time are respected are undermined by the shortage of the labor inspectorate.

Labor force survey results of 1999 and 2005 showed that increasing shares of both men (from 14.9 percent to 24.6 percent) and women (from 8.5 percent to 9.1 percent) are working "excessive hours," that is more than 48 hours per week in the private sector, and 39 hours per week in the public sector.

Like in many developing and transition countries, high and growing shares of workers working in excessive hours in Ethiopia is indicative of widespread poverty and an inadequate supply or growth of sufficiently remunerated jobs in the labor market.

Currently Ethiopia is implementing a five-year Growth and Transformation Plan (2010/11-2014/15) to accelerate sustainable development. The Plan focuses on job creating economic activities, which result in economic growth as a means for achieving poverty reduction and equitable social development. The strategy places emphasis on comprehensive development, based on the results of the Agricultural Development-Led Industrialization Strategy implemented during the past decade.

The Growth and Transformation Plan sets out a number of targets aiming to:

- maintain a real GDP growth of at least 11 per cent per annum and meet the MDGs (which includes Target 1b on the creation of full and productive employment and decent work for all);
- expand and ensure quality education and health services to achieve the relevant MDGs in the social sector;
- Create favorable conditions for establishing good governance and stable democratic developmental state.

VI.5 INTEGRATION OF THE URBAN ECONOMY INTO NATIONAL DEVELOPMENT POLICY

Since 2003/04, the GoE introduced policies, strategies, and development programs that enable the country achieve targets set by the Millennium Development Goal (MDG) and realize rapid and sustainable economic growth.

Consequently, during 2003/04 - 2012/13 a 10.9% average annual growth of real GDP was registered with all the major economic sectors (agriculture, industry, and services) contributing to the growth. (See table below) Yet, looking at the above-average rate of growth i.e., 12.4% and 12.2% for services and industry respectively, one can also note the greater contribution these urban-based sectors made to real GDP growth during the period.

On the other hand, during the last three years (2010/11 - 2012/13) whereas total real GDP grew by annual average rate of 10.0%, the rate of growth of the industrial sector i.e., 16.9% was significant indicating the importance given to industrial development.

TABLE 9 HISTORICAL AND AVERAGE GROWTH RATE OF GDP BY MAIN ECONOMIC ACTIVITY AT CONSTANT PRICES (PERCENTAGE) 2010/11 BASE YEAR SERIES

Sector	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	Average 2010/11-2012/13	Average 2003/04-2012/13
Agriculture	7.5	6.4	7.6	9.0	4.9	7.1	7.0	9.3
Industry	10.1	9.7	10.8	15.0	17.1	18.5	16.9	12.2
Services	16.0	14.0	13.2	12.5	10.6	9.9	11.0	12.4
Total GDP	11.2	10.0	10.6	11.4	8.8	9.7	10.0	10.9

Source: MoFED Brief Note on the 2005 (EFY) GDP Estimates Series

TABLE 10 HISTORICAL AND AVERAGE STRUCTURAL DECOMPOSITION OF GDP BY MAIN ECONOMIC ACTIVITY AT CONSTANT PRICES (PERCENTAGE) 2010/11BASE YEAR SERIES

Sector	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	Average 2010/11-2012/13	Average 2003/04-2012/13
Agriculture	49.5	47.8	46.5	45.6	43.9	42.9	44.1	48.4
Industry	10.3	10.2	10.3	10.7	11.5	12.4	11.5	10.8
Services	41.6	43.1	44.1	44.4	45.1	45.2	44.9	41.8
Total GDP	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: MoFED Brief Note on the 2005 (EFY) GDP Estimates Series

Looking at the historical and average structural decomposition of GDP by main economic activity one can note the trends during recent years; where the percentage share of the agricultural sector in

total GDP has consistently declined and that of services exhibited slight increases. Thus, the combined share of industry and services in total GDP has made some increase.

The Growth and Transformation Plan (GTP) being implemented during 2010/11 - 2014/15 identified industry to be the leading sector of the country's development with focus given to the development of medium and large-scale industries. The industrial sector strategy focuses mainly on industries that are; labor intensive and that have wide market, use agricultural products as input, are export oriented and import substituting, and contribute for faster technology transfer.

Further, the government committed itself to provide special support to the following industries and sub-sectors, i.e., Textile and Apparel, Leather and Leather Products, Sugar and Sugar-related, Cement, Metal and Engineering, Chemical, Pharmaceutical, and Agro-Processing industries.

With due recognition of the role of private investment, the government has made efforts to create conducive environment for the industrial development to attract both domestic and foreign investment. Thus, in order to make the investment code more transparent, attractive, and competitive it was revised four times during 1992 - 2013.

In order to create opportunity for integrated industrial development, the government is currently promoting the development of industrial zones/development corridors. This is being implemented through the national program coordinated by the Ministry of Industry.

VI.6 FUTURE CHALLENGES AND ISSUES FOR A NEW URBAN AGENDA

The low-level per capita for an urban local government remains to be a serious constraint to funding investment in infrastructure and service provision. Thus, many urban local governments depend on special grants or transfers to finance certain capital investments. However, during previous years urban local governments financed such capital investment projects as; construction of cobble stone inner roads, drainage ditches, market centers, and extension of street light.

During past years, only few Urban Local Governments realized certain increases of local revenue. In addition, in many ULGs such revenue increase was not large enough to offset the level of inflation. Thus, a trend of declining or stagnant revenue was observed.

Some of the challenges related to improving local revenue include;

- ensuring sustainable real increase of local revenue through better collection from own source revenue
- providing effective guidance to ULGs to set and adjust rates and fee
- the need for clear implementation strategy before introducing land lease practice in all ULGs
- the need for concerted effort to using a Revenue Enhancement Plan

Ethiopia has yet to establish and strengthen a housing finance sector that is flexible and diversified in providing loan for the construction of housing. In particular, improving access to housing finance for the majority of low-income urban households to own affordable houses remains a serious challenge.

The effort to building low-cost condominium houses that are affordable by low-income residents through the government's large-scale Integrated Housing Development Program is an experience that deserves close examination.

In this respect, while the construction of the condominium houses was at low-cost it seems that many low-income urban residents cannot afford owning the houses. An indication to this is the low-

ability to effect the down payment within many regional towns because of which implementation is now suspended.

One major lesson to be drawn from the experience is the need to design national programs taking into consideration the specific needs and capacities of residents in different local areas.

The introduction of the savings-based 40/60, 20/80, and 10/90 housing finance approach currently underway is largely based on previous experiences where it was difficult for low and middle-income beneficiaries to make the down payment.

The expansion and development of MSEs has been the central focus of urban/local economic development intervention by the government significant achievement has been made in terms of enterprise development, employment creation, and contribution to the GDP. This is largely because of the provision of comprehensive and accessible development support to MSEs within urban centers across the country.

The main challenges faced along the development of MSEs are the following:

- the lack of proper attitude and awareness by the MSEs and the society (such as low regard to labor-based activities),
- the prevailing dependence and expectation of support by MSEs as previous market linkages were with government parastatals and sub-contracts from government projects,
- the challenge to ensure the competitiveness of enterprises in the future,
- the concern about sustainability of employment created by MSEs,
- the current large number of enterprises engaged in trade and service sectors,
- the difficulty to meet the demand for loan by MSEs as existing supply by micro finance institutions is limited, and
- Lack of ability by new MSEs to mobilize 20% savings.

On the other hand, some of the experiences and lessons include the need;

- to improve the quality of (business management and technical skill) training provided to MSEs operators,
- to identify best practices of MSEs and to disseminate the experiences,
- to produce and supply improved technology in a manner adequate to the requirements of MSEs operators
- to consider different options of domestic and foreign market linkages
- to provide targeted support to MSEs.

Chapter VII HOUSING AND BASIC SERVICES

VII.1 SLUM REDUCTION PROGRAMS IN ETHIOPIA

During the 1990s, Ethiopia's urban centers were characterized by a poorly developed economic base, a high level of unemployment, and a worrisome incidence of poverty and slum dwelling. Urban unemployment is estimated to be 26% - and up to 40% in the larger urban centers, including Addis Ababa. Nearly 40% of the nation's urban dwellers are living below the poverty line.⁸⁰ The

⁸⁰ Ministry of Works and Urban Development (MoWUD), 2006. Plan for Accelerated and sustained Development to End Poverty (2005/06-2009/10): Urban Development and Construction Industry component of PASDEP. Addis Ababa.

main reasons for the widespread presence of slums in urban Ethiopia has been cited as weak economic growth, poor housing quality, weak environmental linkages, shortcomings in urban governance; weak institutional capacity, deficiencies in human and material resources, lack of access to credit and inadequate strategic and planning interventions.⁸¹

Despite the presence of a high magnitude of slum dwelling in urban centers, efforts to reduce urban slums through upgrading have been limited during the 1990s. There was, however, a program related to slum upgrading in Addis Ababa. In Addis Ababa, there was one notable government slum upgrading programme, led by the Environmental Development Office (EDO), established in 1994⁸², although housing improvement did not feature as part of this programme. Slum upgrading programs remain piecemeal and small scale, and do not directly address the housing units but rather the urban infrastructure and services.

In the Ethiopian context, renewal may not have the comfort of retaining the existing structures and infrastructure network, except for some few historical buildings. This is due to the fact that most of the inner city buildings and infrastructure networks are physically deteriorated and are unfit for living and working⁸³. Many officials and local professionals believe that slum upgrading ‘does not work’ in Ethiopia because of the irreparable state of the housing units, the massive deficit that such small-scale programs cannot address, and the need to increase density on valuable inner-city land.⁸⁴

Urban renewal/upgrading on a wider scale as a major urban development policy instrument is a relatively recent phenomenon. The Tekle Haimanot upgrading and Filwuha Area Resettlement projects can be cited as examples of the early upgrading projects in Addis Ababa. The recent renewal projects might have started with the development of Sheraton Hotel, Dembel City Centre, and Casanchis Renewal Projects. With the launching of IHDP and the growing attention of government to urban development, the initiative has been extended to cover wider localities of Addis Ababa and other secondary cities in the country, especially during the last Decade.⁸⁵

Physical urban development in Ethiopia’s urban centers is oftentimes carried out through expansion to the outskirts; and it is common to see the city center leapfrogging and expanding to intermediate and expansion areas without appropriate planning. This has now given way to renewal of inner city areas due mainly to the difficulty of getting ample expansion areas and the challenge of urban encroachment in to neighboring agricultural lands; and the growing need to renew inner city slum and regenerate and boost the local economy, improve the efficiency of land use and improve the urban quality.⁸⁶

As land for expansion has become scarcer and the cost of infrastructure has become very expensive, Ethiopian urban local governments have reverted to renewal approaches to meet their development goals and objectives. Thus it is no surprise that the government decided to redevelop the existing

⁸¹ Ibid.

⁸² UN-HABITAT (2007) Situation Analysis of Informal Settlements in Addis Ababa. Cities without Slums Programme: Addis Ababa Slum Upgrading Programme. United Nations Human Settlements Programme: Nairobi, Kenya. Cited by UN-HABITAT, 2010

⁸³ Private Sector Development Hub/Addis Ababa Chamber of Commerce and Sectoral Associations (2011) ASSESSMENT OF URBAN DEVELOPMENT PRACTICES ON BUSINESS EXPANSION IN ETHIOPIA, Addis Ababa, Ethiopia.

⁸⁴ UN-HABITAT (2010) The Ethiopia Case of Condominium Housing: The Integrated Housing Development Programme. United Nations Human Settlements Programme: Nairobi.

⁸⁵ Private Sector Development Hub/Addis Ababa Chamber of Commerce and Sectoral Associations (2011) ASSESSMENT OF URBAN DEVELOPMENT PRACTICES ON BUSINESS EXPANSION IN ETHIOPIA, Addis Ababa, Ethiopia.

⁸⁶ Ibid..

urban fabric and make maximum use of land, infrastructure, and services which are already within urban areas.

Since 2000 Government have been working in areas that relate to the passage and enactment of urban development laws, policies and strategies; capacity building to local urban administrations and deepening of decentralized service delivery systems that has enabled local urban governments carry out various development activities related to reduction of slum areas and the improvement of the livelihoods of urban communities. Prominent among the various government interventions were the urban local Government Development Program (ULGDP 1 and 2)⁸⁷.

From 2000 onwards massive urban renewal programs have taken place in Addis Ababa, Direedawa, and Mekelle. with the adoption of a national urban development policy in 2005 which defined slum areas as areas where basic necessities, environmental hazards and socio economic problems like unemployment, crime etc are over whelming tangible measures have started taking place through the housing development programs in Addis Ababa by Integrating the program with employment creation, urban regeneration and slum reduction. This was scaled up to become a national housing development program that has been implemented up to now.

At present it is estimated that about 60 percent of urban areas of Ethiopia is slum devoid of social and economic services, with overcrowded and dilapidated substandard houses devoid of basic housing facilities and services, unsafe and unhealthy living condition where 70 percent of their residents are living under extreme poverty.⁸⁸

The increased efforts in slum reduction by urban centers have necessitated to be directed by consolidated policy and strategy document that would guide efforts in a meaningful and organized fashion. To this end government has formulated a national urban land development and management policy and strategy in 2011.

The urban land development and management policy and strategy stipulates that reducing urban slums in Ethiopia is primarily part and parcel of government effort towards eradicating poverty. Towards this end slum reduction in urban centers will entail in transforming the abysmally poor physical environment in to vibrant and comfortable living and working space without compromising the rights of the evictees from renewal areas.

As part of improving and mainstreaming its Urban land management issues government has defined urban boundaries and installing reference points of 145 towns of which 35 towns were drawn from Southern nations, nationalities and peoples regional state (SNNP); 46 from Oromiya, 12 from Tigray, 30 from Amhara, 5 from Afar, 10 from Somali 2 from Gambela and 5 from Benishangul Gumuz.⁸⁹

A further 3176 hectares of urban land inventory and registration was completed on urban open spaces and on lands held provisionally. According to MUDHCo Reports coverage will extend to 9000 hectares in 2014. Provisional use rights of land have been issued to 1115 beneficiaries in urban centers of three regional states (Tigray, Amara, and SNNP). Moreover, about 4,282 hectare of urban land have been prepared by 11 urban centers undertaking urban redevelopment and renewal

⁸⁷ The Urban Local Government Development Program (ULGDP1) was a continuation of urban reform – the public sector capacity Building Program - by the Government of Ethiopia which started in the early 2000s. The specific development objective of the program was to support improved performance in the planning, delivery and sustained provision of priority municipal services and infrastructure by urban local governments. The ULGDP2 Development Objective is to enhance the institutional and organizational performance of participating urban local governments in developing and sustaining urban infrastructure and services.

⁸⁸ MUDHCo (2013) Urban Land Development and Management Policy and Strategy. Addis Ababa.

⁸⁹ MUDHCo (2014)

programs on all regional states and the two chartered City administrations of Addis Ababa and Dire-dawa.⁹⁰

Currently slum redevelopment activities are carried out in three major urban centers including the capital City. The capital Addis Ababa has eight redevelopment sites with a total area of 264.5 ha, in 13 sites located in its central part. Mekelle is redeveloping in 2 sites with 20 hectares of land; Gondar and Dessie (Amhara) one each totaling 17 hectares of land.

TABLE 11 URBAN REDEVELOPMENT AND RENEWAL PROJECTS IN ADDIS ABABA

Redevelopment Area	Area in ha	No. of housing units demolished		
		public	private	total
Sheraton Hotel Expansion (Kirkos Sub-City)	27	1,358	406	1,764
Sheraton Hotel Expansion (Arada Sub-City)	15	998	305	1,303
Meskel Square (Kirkos Sub-City)	3.2	172	43	215
E.C.A. Area (Casanchis, Kirkos Sub-City)	23	206	74	280
Wollo Sefer Area (Kirkos and Bole sub-cities)	9.8	324	47	471
Basha Wolde Chilot (Arada)	25	953	342	1,295
Lideta	26	1,134	339	1473
Total	129	5,145	1,556	6,801

Source: Addis Ababa City Administration Land Development, Renewal, and Banking Project Office, 2010⁹¹

Among the objectives of the programs and projects is the need to convert the existing overcrowded and slum areas to healthy and environmentally sound living and working places. As a result of effective procedures and management, the implementation of the revitalization projects has been successful. During the last decade, more and more investment projects have secured land and constructed residential and commercial buildings in various renewal areas in major urban centers of the country including Addis Ababa. The result of the renewal areas was significant in terms of the use of inner city spaces to a more vibrant residential, commercial and service areas in urban centers.

Despite progressive efforts in slum reduction, there are significant challenges in achieving the set targets due primarily to limited human and institutional capacities, the development of informal settlements along urban expansion areas, and unplanned expansion and development in urban centers. Government has cited several causes for the low performance of slum upgrading and renewal in urban areas, the major ones being:

- Lack of institution for guiding and implementing slum reduction programs in urban areas that could coordinate and guide slum renewal programs from planning to implementation specifically lack of a strong and organized institution that can mobilize financial and material support to the program has rendered urban renewal program efforts sporadic and uncoordinated that are left to individual cities;
- Lack of participation and transparency of slum renewal programs: slum renewal programs carried out in different urban centers were implemented without enlisting the participation of those affected. Program operational process was vague and not endorsed by representatives of the affected area.

⁹⁰ Ibid.

⁹¹ Assessment of urban development practices on business expansion, private sector development hub/Addis Ababa chamber of commerce and sectoral associations, 2011

- Limited institutional and technical constraints of urban centers to plan and implement urban renewal programs; and
- Limited preventive measures in urban areas to prevent proliferation of slums
- Formulation of Regulations
- Establishment of Renewal project office

Policy Intervention

Short Term Strategy for slum renewal and upgrading/ Curative Mechanism/

- Building Institutional capacity of the Land sector
- Regularization of Informal settlements(physical and legal regularization)
- Parcel consolidation

Long Term strategy/ Preventive/

- Improving the land delivery and administration system
- Improving the living condition of the people through different schemes
- Creating service centers and employment opportunities in secondary and tertiary level towns

VII.2 THE INTEGRATED HOUSING DEVELOPMENT PROGRAM/PROMOTING ACCESS TO HOUSING

Following the change of government in 1991, Ethiopia drafted a new constitution that introduced a federal system of government. A rural development policy, named the Land Reform Programme, was introduced in 1994. This sought to decentralize urban planning responsibilities and to encourage secondary cities to attract rural migrants to ease pressure on the already limited housing available for urban dwellers living in Addis Ababa and other major urban areas⁹². Addis Ababa's first housing policy, incorporating the Government's practice of maintaining public ownership, was also implemented at this time but it assumed that the housing market alone would meet the demand for affordable housing of the low-income population. Despite large subsidies and land provided at highly subsidized rates, the private sector has failed to deliver affordable housing at the large scale required.⁹³

During this time house prices significantly rose making it extremely difficult for even professionals such as doctors and lawyers to access affordable housing. The post-1991 housing sector can therefore be typified by the following four characteristics:

- The private housing sector has not been sufficiently engaged and therefore has not met the immense housing demand. The practice of low-cost government owned rental housing continues to be the dominant low-income housing strategy.
- The housing stock is of a very low quality, is poorly maintained, and needs either replacement or significant upgrading.

⁹² UN-HABITAT (2010) The Ethiopia Case of Condominium Housing: The Integrated Housing Development Programme. United Nations Human Settlements Programme: Nairobi.

⁹³ Ibid,2010

- Informal unplanned housing has proliferated as a result of high urbanization, limited housing supply, and the limited affordability of formal housing.⁹⁴

To do away with urban poverty and to improve housing access to low and middle income residents of urban areas, Government has since 2005 designed and implemented an ingenious urban housing development program called INTEGRATED HOUSING DEVELOPMENT PROGRAM (IHDP). The major development components in the IHDP were the construction of 400,000 condominium units, creation 200,000 jobs, promotion for the development of 10,000 micro - and small - enterprises, enhancing the capacity of the construction sector, regenerating inner-city slum areas, and promoting homeownership for low-income households in urban areas⁹⁵.

The IHDP has been successful in many respects. It has built 142, 802 housing units between 2006 and 2010⁹⁶, a significant achievement considering the previously limited capacity of the Ethiopian housing sector. The programme has greatly increased the number of homeowners that would never otherwise have owned a home within their lifetime, and, in parallel, has benefited the housing market by increasing the supply of owner-occupied housing and rental units. The programme has also built the capacity of the construction sector, addressed the existing slums, and been a significant generator of employment opportunities.⁹⁷

According to the UN-HABITAT's evaluation of the IHDP, the Integrated Housing Development Programme was an ambitious achievement for Ethiopia. It is a physical manifestation of the transition from a static urban housing sector based mainly on publicly provided and controlled poor-quality rental housing to a dynamic homeownership-based approach with intelligent cross subsidization for the poor, where the focus is on building the capacity of private companies and on economic development in general.⁹⁸

Whereas there is much interest for the program in Addis Ababa and few larger cities, lately implementation of the program was suspended in the regions because of low effective demand and weak ability to pay the down payment and the monthly mortgage (principal and interest). and lack of adequate financing from the national bank of Ethiopia. The programme was also unable to meet its targets due to a shortage of skills in construction, project management and planning, construction design and poor logistic support and the shortage of construction materials. The shortage of qualified contractors, both big and small, considerably slowed the space of housing construction and delivery.⁹⁹

Massive Interventions undertaken by government towards improving access to housing and infrastructure during the last decade, in addition to being central to meeting goal 7, target 11 of the MDGs, also have served as key inputs for achieving goals 1 through 6 which focus on eradication of extreme poverty and hunger, achieving universal primary education, promoting gender equality and empowerment of women, reducing child mortality and improving maternal health. In general, investment in housing and infrastructure has helped to reduce urban poverty through its multiplier

⁹⁴ Ibid, 2010

⁹⁵ Ibid, 2010

⁹⁶ MUDHC, 2014

⁹⁷ UN-HABITAT (2010) The Ethiopia Case of Condominium Housing: The Integrated Housing Development Programme. United Nations Human Settlements Programme: Nairobi.

⁹⁸ Ibid, 2010

⁹⁹ MUDHCo, 2014, UN-HABIYAY (2-14) Building 'Economically Productive, Socially Inclusive, Environmentally Sustainable, & Well Governed' Cities. Nairobi, Kenya.

impact in the entire economy. Especially, large scale interventions in both housing and infrastructure have helped in:

- Creating thousands of new jobs through increased demand for the products and services of the multifaceted construction, storage, transport, and distribution industries as well as for the services of the wholesale and retail trades sectors.
- Producing improvements in housing and infrastructure that have reduced the vulnerability of the urban poor to health risks, natural disaster, and violence.
- Improving income earning capacity by facilitating the journey to work and by encouraging the development of small- and micro-enterprises¹⁰⁰.

Since the beginning of the Growth and Transformation Plan (GTP), the mode of housing delivery has changed and it includes: low-income housing development (ie.10/90 approach); condominium development (20/80 model); saving housing development for middle income group (40/60 option) and mega housing projects for sugar and fertilizer industry, and university housing. The second approach is housing development by the private sector and cooperatives. Since the GTP started, a total of 96,233 housing units and 1,720 housing blocks have been constructed. An estimated 300,000 jobs have been created in the first half of GTP implementation.¹⁰¹

TABLE 12 NUMBER OF JOBS CREATED BY GOVERNMENT HOUSING PROJECTS, 2011

Type of projects	HDPOs ^a	Consultants	Contractors	MSCs	Total
Government Housing Project	1,557	228	74,022	65,881	185,980
Sugar Factory Housing	110	40	16,562	10,932	27,644
University Housing	113	91	12,858	6,317	19,379
Government Buildings	49	28	1,621	2,832	4,530
Total	1,829	387	105,063	85,962	193,241

a: Housing Development Project Offices

Source: MUDHCo, 'Summary Progress report on achievements made in 2011', draft (Amharic) Coted by UM-KABITAT, 2014

Despite vigorous effort by government towards improving access to housing in the country, the Ethiopian urban housing situation reflects a gloomy picture. The Urban Sector Millennium Development Goals Needs Assessment: Improving the Lives of Slum Dwellers¹⁰² (December 2004) estimated that the additional housing units will be needed due to population growth or formation new households between 2005 and 2015 will be 2,250,831 units – approximately 1.125 million during the 2005-2010 period – or 225,000 each year. To meet this need will require a substantial effort from the public sector supported by private sector and community participation.

The MUDHCo has issued a National Housing Development Policy and Strategic Framework (2014) in which it has identified key problems and their manifestations along with causal factors and pin pointed policy directions to deal with the problems. The following summarises the key challenges

¹⁰⁰ Ibid,2010

¹⁰¹ MUDHCo, 2014, UN-HABITAT (2-14) Building 'Economically Productive, Socially Inclusive, Environmentally Sustainable, & Well Governed' Cities. Nairobi, Kenya.

¹⁰² Urban Sector Millennium Development Goals Needs Assessment, December,2004

in enhancing access to housing in urban areas along with policy options devised by government to overcome the key challenges.

1. Wider gap between housing demand and supply

1.1 causal factors

- proliferation of squatter and informal settlements
- high proportion of slum dwellers
 - homelessness limited supply of houses by the public and private developers,
 - high cost of construction,
 - low income levels of urban households,
 - limited serviced land supply,
- lack of clarity in taxes and levies,
- shortage of public housing finance,
- high rate mortgage interest rates.

1.2 policy directions

- improving the income of urban households through various income generating programs and packages;
- enhancing and improving the supply and production of construction materials
- boosting production of high quality and low cost local construction materials by enhancing housing and construction research and development;
- improving construction materials through technology transfer
- construction of additional houses by
 - ensuring access of low income households to public condominium houses;
 - devising a dynamic organizational system that facilitates housing credit and efficient land supply that will support private saving societies so as to expand production of new houses;
 - supporting high income private and real estate developers to construct increased numbers of houses with improved land management procedures;
- supporting banks and financial institutions to enhance their capacity of availing mortgage facilities to house builders through enhancement of housing finance schemes and sources;
- effecting a systematic transfer of publicly owned houses to private owners
- enhancing the implementation capacity of urban administrations to enable them to efficiently deliver serviced urban land for housing development;
- Improving the implementation capacity of urban administrations to enable them deliver improved land registration and management systems, efficient implementation of the lease hold system and to withstand illegal and informal land development.

3. Informal and illegal land developments

3.1 causal factors

- informal and illegal land developments in urban areas;

- limited supply of serviced land; and
- limited implementation capacity of local urban administrations

3.2 Policy Directions

- Enhancing entrepreneurial and saving capacities of urban residents;
- Enhancing prevention of illegal land development activities;
- Enhancing improved supply of urban land through capacity enhancement of urban administrations; and
- Enhancing the capacity of urban administration personnel through the enhancement of their implementation capacities that would result in overall urban capacity enhancement for effective implementation of housing development programs.

VII.3 ACCESS TO SAFE DRINKING WATER

In Ethiopia, the coverage of water, sanitation, and hygiene is very low compared with other African countries as a result the prevalence of communicable diseases is very high. While the government is committed to addressing this situation, there are still constraints such as shortage of human and financial resources and weak interagency coordination. Ethiopia ranks second lowest among Sub-Saharan African countries in access to safe/improved drinking water according to the JMP (WHO/UNICEF). This can be attributed to several reasons, among which are limited capacity to develop water resources including groundwater, limited absorption capacity of public sector, weak management, poor operation and maintenance of water supply systems, high staff turnover, limited drilling capacity and involvement of the private sector, lack of contract management capacity and weak sector coordination¹⁰³.

The Ministry of Water and Energy has introduced policies, legislation and strategies such as National Water Resource Management Policy (1998), Water Sector Strategy (2000), Water Sector Development Program (2002), Water and Sanitation Access Plan (UAP) (2005), Memorandum of Understanding signed by three sector ministers (MoU, 2006) and a revised Memorandum of Understanding (MoU), signed by four sector ministers in November 2012. MoWE has also prepared guidelines for gender mainstreaming in the water and energy sectors (2012). Health Sector Development Programs (HSDP I, II, III and IV) in line with the Plan for Accelerated and Sustained Development to End Poverty (PASDEP), and now the Growth and Transformation Plan 2011-2015 (GTP) has been introduced to address the water, hygiene and sanitation problems of the country. One of the main innovations of the HSDP has been the Health Extension Program (HEP) that aims to reach universal coverage of primary health care and improve the quality of health services in rural areas and partly in the urban areas¹⁰⁴.

Ethiopia has made significant progress in improving sanitation and hygiene by introducing an innovative health service delivery program that aims to achieve universal coverage of primary health care. The program includes Health Extension Workers (HEWs) who provide basic preventive

¹⁰³ FDRE one WASH National Program – A Multi sectoral SWAp Program Document, August 2013

¹⁰⁴ Ibid, 2014

and curative health services in rural and urban communities. This program could not have been realized without political commitment from the Government and Development Partners, as well as the involvement of NGOs, the private sector and communities themselves. Yet, in spite of these efforts, today there are still millions of Ethiopians without access to safe and reliable water supply Facilities¹⁰⁵.

During the last 10 years, Government has accelerated its commitment to address the country's water, sanitation, and hygiene issues. The first UAP in Amharic and English (2005), the second UAP (2011), the National Sanitation Action Plan- SAP in 2011, National WASH Inventory (2013) and the National Drinking Water Quality Monitoring Strategy (2010) have been prepared. Ethiopia has endorsed the MDGs to guide implementation of WASH activities to ensure improved access to safe drinking water, improved health and hygiene practices, and increased gender equality.

In line with the GTP, Government has prepared a Universal Access Plan (UAP), with the following targets:

- 98.5% access to water supply, and reduction of the proportion of non-functioning facilities to 10%.

Achieving GTP targets will require that an additional 26.4 million rural and 4.4 million urban inhabitants gain access to safe drinking water, as well as 22,342 primary schools, 643 secondary schools and 7,772 health posts/centers and generally increasing national water supply coverage to 98.5%. Achieving GTP targets for water supply and sanitation access will require a total investment of USD 2.41 billion. The distribution of funding required by major program component requires the provision of 55,865 new conventional and 20,010 rehabilitated water points in rural and peri-urban areas, respectively, and 777 new, or expanded pipe systems in towns. Furthermore, 42,529 household dug wells and community dug wells are expected to be constructed by households and communities through self supply enhancement program in rural areas¹⁰⁶.

Access to Urban Water Supply

According to the GTP targets, water supply access is expected to be 98.5 %. The plan by region for urban water supply taking the water supply access levels of 2013 as a base period.¹⁰⁷

TABLE 13 URBAN WATER SUPPLY ACCESS BY REGION AND YEAR (%)

No.	Region/City	Base Year	Phase I		Phase II				
		2013	2014	2015	2016	2017	2018	2019	2020
1	Tigray	75	87	100	100	100	100	100	100
2	Gambela	90	95	100	100	100	100	100	100
3	Benshangul.Gumuz	72	86	100	100	100	100	100	100
4	Diredawa								

¹⁰⁵ Ibid,2014

¹⁰⁶ FDRE one WASH National Program – A Multi sectoral SWAp Program Document, August 2013

¹⁰⁷ Ibid,2013

	Rural	84	92	100	100	100	100	100	100
	Urban	76	96	100	100	100	100	100	100
	Total	79	89	100	100	100	100	100	100
5	Harari								
	Rural	88	94	100	100	100	100	100	100
	Urban	98	99	100	100	100	100	100	100
	Total	94	97	100	100	100	100	100	100
6	Somali	75	88	100	100	100	100	100	100
7	Amhara	74	87	100	100	100	100	100	100
8	Afar	60	80	100	100	100	100	100	100
9	SNNPR	79.5	90	100	100	100	100	100	100
10	Oromiya	86	93	100	100	100	100	100	100
11	Addis Ababa	93	97	100	100	100	100	100	100
12	National	81.99	91	100	100	100	100	100	100

.Source: FDRE one WASH National Program – A Multi sectoral SWAp Program Document, August 2013

VII.4 ACCESS TO BASIC SANITATION AND DRAINAGE

Ensuring sustainable access to basic sanitation is a fundamental requirement for effective primary health care, increasing enrolment of boys and girls in schools, and a pre-condition for success in the fight against poverty, hunger, child mortality and in achieving greater gender equality. WHO has estimated that, for every Ethiopian Birr (ETB) invested in safe water and basic sanitation, the economic returns can range from 30 to 340 ETB (USD 1.5 to 17.4), depending on the region and the technology used. Realizing the targets for clean water supplies, sanitation, and hygiene (WASH) will also save many lives. Diarrhea causes nearly 1.5 million deaths each year, mostly among children under five years old, and is the third largest cause of death from infectious diseases globally, but particularly in the least developed countries including Ethiopia. About 31 percent of households in Addis Ababa have no sanitation facilities, while in other urban areas the proportion was about 48 percent¹⁰⁸. Diarrhea is the leading cause of Under-5 mortality in Ethiopia, causing 23% of all under-5 deaths (73,341 children per year). An estimated 64,540 children could be saved every year by improving Water, Sanitation and Hygiene in the country around 44% of under-5 children in Ethiopia are stunted, which can be strongly linked to the childhood incidence of diarrhea.

The lead Government agency responsible for Sanitation in Ethiopia is the Federal Ministry of Health (FMoH). The de-merging of Federal Ministry of Water Resources from the Federal Ministry of Agriculture and Water Resources in 2010 is an indication of Government's commitment to improving access to sanitation facilities across the country.

There has been a great deal of progress in the sanitation and hygiene sector in Ethiopia during the past ten years, much of it achieved through the Government's Health Extension Programme and the subsequent introduction and spread of the Community Led Total Sanitation and Hygiene (CLTSH) programme by UNICEF which is included in the country's National Hygiene and Sanitation Strategic Action Plan. Strong Government commitment resulted in Ethiopia's Universal Access

¹⁰⁸ MoFED & UNIDO, 2005: AASBPDA

Plan which seeks to reach 98.5% and 100% of the population with access to safe water and sanitation by 2015.

Since 1990, improved sanitation coverage increased from 2% to 21% in 2011; 24% of the population use facilities that do not yet meet basic hygiene standards. Open defecation rates were more than halved from 93% in 1990, to 45% in 2011. Progress has been equitable across all States though the population in the poorest quintile benefitted least from improvements in sanitation.¹⁰⁹

Key highlights:

- Between 1990 and 2011, the number of people using an improved sanitation facility increased from 1.1 million to 17.5 million people.
- 10.4 million People rely on shared sanitation facilities.
- 38.1 million people still practice open defecation
- Ethiopia is among the top five countries with the fastest reduction in open defecation rates

Access to sanitation in urban areas has fared better than rural areas in the country. Access to sanitation facilities has exhibited a substantial improvement between 1990 and 2011. Access to sanitation has improved from 57.3 in 1990 to 90.9 in 2011 in urban areas.¹¹⁰ Ethiopia made equitable progress across the top four quintiles, but the population in the poorest quintile seems hard to reach. Ethiopia is achieving equitable progress on sanitation across all its States. The level of progress of the national sanitation access program has been summarized by UNICEF. The following table summarizes the indicators and level of progress in creating WASH inventory, WASH Account in 2013, and achieving 82 percent of open defecation free Ethiopia by 2015 and strengthening enabling environment.

TABLE 14 ACCESS TO SANITATION FACILITIES

	urban		rural		Total	
Population (x millions)	1990	2011	1990	2011	1990	2011
Open defecation	2.5	1.2	42.2	36.9	44.7	38.1
Unimproved facilities	0.7	3.2	0.0	15.4	0.7	18.7
Shared facilities	1.7	6.0	0.0	4.4	1.7	10.4
Improved facilities	1.1	3.9	0.0	13.6	1.1	17.5
Total population*	6.1 (57.3)	14.4 (90.9)	42.2	70.3	48.3	84.7

Source: UNICEF SANITATION PRIORITY COUNTRY FACT SHEET 2014

Data on drainage facilities of urban centers was limited. However the scant evidences collected from master and development plans of various urban centers, virtually all arterial roads of larger urban centers have drainage, (drainage coverage in larger towns excluding Addis Ababa has been estimated to have coverage of 15 to 20 percent) but only a small percentage of sub-arterial, collector and local roads have an adjoining drainage system. The tradition of installing drains in almost all

¹⁰⁹ UNICEF SANITATION PRIORITY COUNTRY FACT SHEET 2014, Based on Census 1994, 2007, Welfare Monitoring Survey (WMS) 1997, 1998, 2000, 2004 and Demographic and Health Survey (DHS) 2000, 2005, 2011

¹¹⁰ UNICEF SANITATION PRIORITY COUNTRY FACT SHEET 2014 Based on Census 1994, 2007, Welfare Monitoring Survey (WMS) 1997, 1998, 2000, 2004 and Demographic and Health Survey (DHS) 2000, 2005, 2011

urban centers is to look drainage investment in conjunction with new road construction not on a networked city wide investment approach. Where constructed, drains are in most cases open (uncovered) masonry channels which pose both a traffic safety and health risk.

Consideration needs to be given to the relative priority of providing drainage to those existing neighborhoods most subject to seasonal flooding and problems with standing water, to do away with its attendant health hazards. Urban centers with their overall capital spending constraints should consider whether to give more priority to covering open channels and, as a policy, avoid constructing them in the future. Site planning standards to minimize and better channel storm water runoff should be incorporated into urban land use planning and regulation of new development—with an eye to reducing the volume of storm water that needs to be accommodated by expensive, built drainage structures.

VII.5 ACCESS TO CLEAN DOMESTIC ENERGY

The Ethiopian energy sector relies on a limited range of energy sources the use of which has a substantial impact on the local environment. Traditional biomass sources (wood, crop residues and cattle dung) supply 94 percent of the total energy requirement with petroleum and electricity meeting the rest.¹¹¹ Provision of electrical power is dominated by large hydropower plants, while the modern transport sector is exclusively petroleum based. Access to modern energy services is very low: about 30 percent for petroleum and electricity. Efficiencies in energy production, distribution, and use are low and result in considerable losses. Reliance on the use of natural resources has contributed to significant local environmental impacts including land degradation of forests and other woody vegetation, soils, water, and indoor air pollution which has considerable negative health impacts on children and women.¹¹²

Ethiopia also has substantial resources in wind, solar and geothermal energy. Solar energy is used in small decentralized systems for electricity generation in rural areas and for heating water in the major cities. Wind energy is used for pumping of potable water from deep wells, mainly in the central Rift Valley, and for pumping water for irrigation along the banks of the Omo River. There is one non-functional geothermal electric plant owned by EEPCO with 7 MW installed capacity in the Rift Valley¹¹³

More than 95 percent of the bio energy is used for domestic cooking. Rural households mostly use wood and various types of agricultural residues while charcoal is used mainly in urban areas. Cattle dung, in the form of dung cakes, is used by both rural and urban households, particularly for baking bread in temporary ovens. Wood for cooking is also used in commercial establishments (i.e. bakeries, hotels, restaurants, local brewing businesses, etc) mostly using inefficient traditional conversion technologies. The tobacco and tea industries make up the major share of biomass demand in the industrial sector. Demand for bio energy is generally projected to grow at the same rate as that of the population, i.e., at about 2.7 percent a year in rural areas and 4.5 percent a year in urban areas. However, the share of bio energy in the energy balance is declining gradually since the demand for petroleum products and electricity are increasing twice as fast as that for bio energy. It is also due to the increasing penetration of energy efficient house residues while charcoal is used

¹¹¹ Hilawe Lakew, ETHIOPIAN ENERGY SECTOR REVIEW in Edwards, Sue (ed.), 2010. Ethiopian Environment Review No. 1. Forum for Environment, Addis Ababa.

¹¹² Ibid.

¹¹³ Ibid.

mainly in urban areas. Cattle dung, in the form of dung cakes, is used by both rural and urban households, particularly for baking bread in temporary ovens.¹¹⁴

The unique aspect of service delivery basket in Ethiopia is that access to electricity is far more in better position than other services. Out of the total housing units in Addis Ababa about 95.7 percent had private and shared access to electricity¹¹⁵. In larger urban centers like Adama, Bahir Dar, Mekelle, and Harar with population of 100,000 and above, access to electricity ranges from 85 – 95 percent in 1994 and grew to nearly 98 percent in 2007¹¹⁶. In medium sized urban centers like Awassa and Jijiga, access to electricity was 97.9 and 83 percent in 1994. During the same period access was relatively lower in smaller urban centers like Gambela and Asossa with 75 and 52 percent. Access has improved 93.2 and 81.6 after as evidenced in the 2007 National census. Dire Dawa has about 93.1 percent in 2007.¹¹⁷

Energy use is an important aspect of urban environmental sustainability, environmental burdens are associated with urban energy consumption patterns—whether for cooking, lighting, transport or industry.¹¹⁸ Many of Ethiopia's city dwellers use other sources of energy including charcoal, firewood, and kerosene. Heavy reliance on biomass fuels, particularly woody biomass, contributes to deforestation, forest, and land degradation. This is partly because use of these fuels in urban areas is an important source of cash income for people.¹¹⁹

Ethiopia's annual economic growth rate of more than 11% is associated with an increased demand for energy supply of over 24%. Natural resources such as water, geothermal, solar and wind resources offer opportunities to meet the growing energy demand, and at the same time develop low greenhouse gas emission energy and shift towards a green growth path.¹²⁰ However, developing the necessary power capacity from renewable energy will be an enormous challenge and requires a doubling of the current expenditure on renewable Energy.¹²¹

There are currently many on-going activities that focus on increasing access to renewable energy. However, only about 3% of the hydro power capacity is currently being exploited. Furthermore, Ethiopia also has a vast potential of other alternative energy resources, i.e., solar, wind and geothermal resource with large exploitable potential that are still underutilized. Solar energy potential could considerably relieve the country from a part of the burden of usage of biomass and fossil fuel.¹²²

The projections on power generated capacity for the Grand Millennium/ Renaissance Dam has been upgraded from 5250 MW to 6000 MW¹²³ due to improvements in constructions. In terms of progress, 9.7% of the dam is at the moment accomplished.¹²³ Hydropower dams provide substantial benefits in terms of supplying Ethiopia with low carbon energy which is a key issue in moving towards a greener growth. However, if poorly planned, designed or operated, they can also have serious consequences for the ecological health of rivers and the economic and social wellbeing of communities dependent upon the goods and services provided by healthy rivers. Hydropower offers

¹¹⁴ Ibid.

¹¹⁵ CSA, 1994

¹¹⁶ CSA, 1994, 2007

¹¹⁷ Ibid, 1994, 2007

¹¹⁸ Masakazu, 2003

¹¹⁹ Aynalem, 2007

¹²⁰ EPA, 2012

¹²¹ Government of Ethiopia, 2012

¹²² Gebre-Egziabher, Z, 2011

¹²³ Mofed, 2013

large potentials for Ethiopia's economy and opportunities to reduce poverty. Traditional bio mass is still the main source of energy in many Ethiopian towns including Addis Ababa. The technique of using traditional biomass energy has by itself social and economic problems. In terms of energy efficiency, environmental degradation, gender inequality and health hazards

Improving access to energy including the use of renewable energy is not satisfactorily promoted. Very little is known about solar energy in both urban and rural areas. Similar to solar energy, wind energy, despite the presence of a potential feasibility for small-scale investment is needs to be promoted. The use of biogas and liquid bio fuels, including biogas from human excreta and solid waste simply exist as untapped potential only. Improving traditional biomass use through energy saving and less pollutant stoves should be further promoted.

The Ethiopian energy supply and consumption pattern is dominated by traditional biomass fuels. Despite many years of efforts to increase the share of modern energy sources in the national energy balance, traditional biomass is still the dominant fuel and will remain to be so in the foreseeable future.

VII.6 ACCESS TO SUSTAINABLE MEANS OF TRANSPORT

Condition of public transport and infrastructure in Addis Ababa city is regarded as one of the poorest in the world. There is no rail way transit service in the capital and thus public transport in Addis Ababa only refers to bus and taxi services. Car ownership among residents is very low, unlike other cities in the country; bicycle use is insignificant due to the hilly terrain. Public transport in Addis Ababa is carried by a mixture of ownership structures, of which public and private operators are predominantly contenders for business. The modes of transport include public bus; minibus; taxis and the non-motorized transport such as walking and animal transport in the periphery. Currently, taxis, city buses, and private cars altogether account 30 percent of the modal share of which is 26 percent bus, 70 percent taxis, and 4 percent private cars. Seventy percent of the urban travel made on foot¹²⁴.

Traffic congestion and hazardous driving conditions on the account of the extremely poor condition of roads make driving in Addis a difficult task. Large segments of the city area have evolved without basic urban planning. Streets are narrow, winding and lack basic drainage structure and pedestrian ways. Slum and informal residential areas have only arbitrary alleys which make them out of vehicular access. Due to lack of regular maintenance, most asphalted roads quickly develop many pot holes. There is no sufficient parking space and drivers park their cars on sidewalks causing terrible traffic chaos and repeated accidents. The relative rise in automobile ownership together with the poor condition of the roads and the poorly functioning traffic system have resulted in high level of congestion particularly at peak hours. Even though the city administration issued road and traffic safety regulation, the practicality of those management tools is virtually non-existence.

The total length of standard 7 meter width asphalt and gravel road in the city is 2443 kms, out of which 40.5 percent or 990 km is asphalt road, the remaining 59.5 percent or 1453 km is non-asphalt. Road density measured by the ratio of total road to the total city area is 8.5 percent. It is planned to raise the city's road density to 15 percent in year 2010¹²⁵. To aid the fulfillment of this

¹²⁴ AACTA, Addis Ababa City Transport Authority. Facts about Addis Ababa City Transport, 2008

¹²⁵ AARA, Addis Ababa Road Authority, The Roads of Addis Ababa. In: Habtu, H (Eds), Addis Ababa in the Past and Its Prospects in the New Millennium. Addis Ababa Millennium Secretariat, Addis Ababa, pp120-122, 2007.

goal, the city administration has undertaken 13 major road rehabilitation and construction projects in Addis Ababa.¹²⁶

The significance of urban transport stems from the contribution of urban areas in the country's national output. A World Bank study on urban transport sector estimates that in the developing countries 15-25 percent of annual expenditure is in transport. The same study estimates that about 5-10 percent of urban households income in the developing countries is spent on transport. Urban transport should be seen as a system comprising public transport, urban road system, traffic management, non-motorized transport system, and urban transport institutions (2002)¹²⁷. The role and nature of urban transport is one of the often-neglected aspects of urban management.

Ethiopia overwhelmingly relies on motor transport within or between towns and cities including with cities of the neighboring countries. At the same time though the motorization rate is small it is also growing rapidly, particularly in the last decade with the growth of the market economy.

The growth of non-motorized transport such as bicycles is negatively influenced by the physical terrain of many towns in Ethiopia.

The following are key problems:

- Availability of urban road space in Ethiopia is far from coping with increase in traffic, such as taxies, cycles, horse drawn carts, heavy trucks, pedestrians, etc.
- In addition to establishing urban roads without formal plans major connecting roads to different neighborhoods are not made available with the consequent inaccessibility to waste collecting dump truck, fire protection, and ambulance services.
- Ineffective road maintenance compounds traffic problems with the consequences of insecurity due to high accidents and environmental degradation.
- In effective land use planning.
- Most cars imported to Ethiopia are second hand cars.
- Increase in private car ownership.
- Inadequacy of public transport (often subsidized). In Addis Ababa alone about Birr 5 million(USD 256,410) is subsidized annually.
- Impact on the environment is yet to be thought of. Consideration of air pollution and other outcomes is extremely important and cannot be postponed.
- NGOs have little or no experience in Ethiopia in mitigating transport and traffic problems.
- Traffic problems are also complicated by lack of awareness on the part of the general population. Attitudinal problems are often observed on motorists who disregard pedestrians or behave aggressively with other drivers.
- A great deal of public education on traffic safety as well as campaigns to change driver behavior is one of the potential areas of NGO involvement.
- Absence of pedestrian walkways.

¹²⁶ Urban Environmental Challenges in Developing Cities: The Case of Ethiopian Capital Addis Ababa Dubbale Daniel A., Tsutsumi J., and Michael J. Bendewald, 2010

¹²⁷ Information can be obtained from the World Bank web site for urban transport www.worldbank.org/transprot.

VII.7 FUTURE CHALLENGES AND ISSUES FOR A NEW URBAN AGENDA

Lack of urban containment policy: Ineffective utilization of land resources by allowing low density, urban sprawl; Low density instigates higher travel demand and by implication imposes higher load on the environment. Lack of integration between land use and urban transportation plan: Inappropriate mix and proximity of different land uses increases travel demand; Limited types and means of transportation systems; Land pollution as a result of inappropriate proximity land uses; Ineffective measures to conserve soils; Usage of inappropriate mechanisms to direct runoff water; reduction of water seepage to the ground as a result of over-surfacing of urban grounds; inappropriate run-off water management and increased soil erosion and degradation of lands in and around urban areas.

Lack of control mechanisms for conveyance and treatment of raw water: Lack of control of chemical doses in water treatment inappropriate disposal of sludge and alkaline concentrations; lack of monitoring facilities and properly trained manpower; and high loss of treated water hence reducing availability water supply; contamination of water as a result of intermittent water supply and defective pipe networks

High water pollution: improper handling of water resource from production to the consumption level; lack proper treatment of sewerage; high pollution of rivers, streams and threatening of aquatic life systems as a result of inappropriate discharge from industrial effluent; lack of control and awareness to minimize pollution at source (such as the misuse of fertilizers, waste disposal, use of pesticides) and lack of appropriate technology and standards for water treatment and supply.

Lack of diversity in energy use: Heavy dependence on biomass energy leading to deforestation and minimization of parks around urban centers; potential and production mismatch in hydropower generated electricity and minimal usage of renewable resources in urban areas

High pollution from inappropriate use of energy: Vehicular emission is on the increase; traditional technology in domestic energy use produces high air pollution; inappropriate technology usage in industries produces high air pollution.

Solid and liquid waste management related issues: Increased solid waste generation; inefficient utilization of resources; prevalence of wasteful practices and waste generating habits; increase in packaging practice; lack of recycling habit and technology, lack of differentiating waste by type, lack of awareness of dangers from waste etc.,

Lack of minimum standard for sanitary provisions: Inappropriateness of onsite sanitation facilities for dense settlements; lack of inspection during period of development; inadequacy of sanitation facility for residents; gross lack of public bathing facilities; lack of public toilets in central areas; lack of awareness about environmental hygiene; lack of proper de-slugging methods; and limited capacity of municipalities and minimal participation of private sector operators in sludge collection.

Lack of sewerage system coverage for urban areas: scarcity of water-born sanitary facility; inappropriate connections to existing sewerage system; lack of separation of liquid wastes at source; and lack of capacity of sewerage treatment plants to process liquid waste.

In this regard efforts should be directed at strengthening of organizational and human resource capacities of urban local administrations. The development and implementation of a sustainable urban infrastructure and housing finance system should form as a critical element of future urban

development implementation strategies. Here the primary focus should be on improving domestic savings and revenues for infrastructure and housing developments. The experiences so far with regard to public participation in planning, delivery, and management of infrastructure, housing, and services as well as other governance issues need to be consolidated further in the future. Finally the undergoing initiatives of strengthening the urban planning, design and construction capacities need to be consolidated further to ensure better quality, cost efficiency and productivity in infrastructure and housing delivery.

Chapter VIII NATIONAL URBAN INDICATORS

National Urban Indicators (1996, 2006 & 2013)

Sr. No	Housing & Sustainable Urban Development Indicators	level of progress		
		1996	2006	2013
1	Total Urban Population ¹²⁸	4,869,289	7,323,207	15,100,075
2	Number of Urban centers	653	921	973
3	Annual growth rate of urban population	4.8	3.9	4.0
4	Urban population as percentage of total population	11	16.0	19.07
5	Population in largest city in millions	1.4	2.7	3.1
6	Population in largest city as percent of total urban population	31.9	28.8	22.9
7	% of rural to Urban Migration	25	27	33
8	% of people living in slums areas ¹²⁹	90	80 ¹³⁰	45 ¹³¹
9	% of population with access to adequate housing ¹³²	97.6	99.01	99.01
10	% of people with access to safe drinking water	72.1	84.0	91.5
11	% of people with access to adequate sanitation	57.3	68.0	90.9 ¹³³

¹²⁸ Data for indicators 1-6 is compiled from 1984, 2007 censuses and 2013 estimates and projections of CSA.

¹²⁹ If we consider the age of housing units as an indirect indicator of proportion slum in an urban area; those housing units constructed before 20 years account for 31.70 percent, while units constructed before five years 24.66 percent and those built before a decade constitute about 21.56 percent implying that nearly 46 percent of all housing units were developed in a planned way at least a decade earlier to 2007. when looking at the urban centres at the regional level; more than 50 percent of all the Housing units found in urban centres found in the Afar, Amara, Somali, Benshangul Gumuz, and SNNRP were built before five years prior to 2007, although it should also be noted that older houses aged 20 years and over were found to be predominant in the remaining regions' Urban centres. Available evidences also suggest that about 1.97 million housing units have been built between 1987 and 2007; with all time low of about 12.54 percent housing production between 1988 and 1992 in the country while the time between the years 2002 and 2007 had witnessed an all time high of about 36.11 housing production in the urban centres of the country.

¹³⁰ PASDEP figures,

¹³¹ MoFED, 2011.

¹³² Access to adequate housing is compiled from the tenure status census results of 1994 and 2007. The Data for 2013 is also from the 2007 census. It should be noted that taking households to housing units' ratio there were about 127,203 households who were sharing the same housing unit with other households in 2007.

¹³³ UNICEF sanitation Priority Country Fact Sheet, 2014

Sr. No	Housing & Sustainable Urban Development Indicators	level of progress		
		1996	2006	2013
12	% of people with access to regular waste collection¹³⁴	48	60	73
13	% of people with access to clean domestic energy¹³⁵	65/15	78/25	95/65¹³⁶
14	% of people with access to public transport¹³⁷	20^a	25^b	30^c
15	Percentage of policies and legislation on urban issues in whose formulation local and regional governments participated from 1996 to the present;	10	85	100
16	Percentage share of both income and expenditure allocated to local and regional governments	-	-	78.2
18	Percentage of city, regional and national authorities that have implemented urban policies supportive of local economic development and creation of decent jobs and livelihoods	-	50¹³⁸	100¹³⁹
19	Percentage of city and regional authorities that have adopted or implemented urban safety and security policies or strategies	100/0	100/0	100/10

¹³⁴ Of the total waste generated in Addis Ababa in 1996, estimated to be about two thousand cubic meters (1,386–2,165m³) a day, the amount collected and disposed of by the municipal service was no more than fifty-five percent. During the same period the situation in other large and medium urban centers was woefully limited and for some of them it was never considered a problem. It was during the early 2000s that local governments have appreciated the problem and started to institute solid waste collection mechanisms.

¹³⁵ The first denotes to access of households to electricity while the second figure represents proportion of people who have access to clean domestic energy. Access to electricity in urban areas is about 76: 41.22 per cent of their energy use has been obtained from purchased firewood..Electricity was used as a source of energy for cooking by only by 0.38% of the households in the urban areas, kerosene for cooking 21.78% during 2000.(DHS Survey,2000).

¹³⁶ According to a panel data set collected in 2000, 2004, and 2009. by the Department of Economics of Addis Ababa University in collaboration with the University of Gothenburg, that covered seven of the country's major cities (the capital Addis Ababa, Awassa, Bahir Dar, Dessie, Dire Dawa, Jimma, and Mekelle), the pattern of energy use by city shows that clean, mixed, and solid energy types are used in all cities covered by the study. But the proportion of households who depend on the particular fuel category differs across cities. In particular, more than 52% of the sample households in Addis Ababa depended on clean fuels for cooking in the year 2000. This proportion increased to about 56% in 2009. All other cities in the study have a smaller proportion of households who depend on clean fuels for cooking compared with Addis Ababa. Another related but interesting aspect is the decline in the proportion of households who depend on firewood for cooking in Addis (16.4%, 13.5% and 11% in 2000, 2004, and 2009, respectively). These percentages are higher for the other cities in the study.(source: Yonas Alem, Abebe D. Beyene, Gunnar Köhlin, and Alemu Mekonnen Household Fuel Choice in Urban Ethiopia A Random Effects Multinomial Logit Analysis. 2012)

¹³⁷ A,b and c are based on estimates of Addis Ababa, the biggest urban centre in the country.

¹³⁸ Since the early 2000s as a policy Local urban Governments have started implementing policies specifically related to job creation in the form of organizing and supporting MSEs.

¹³⁹ Government directions of strengthening MSEs had its full impact on urban local governments and cities are making it their priority that any urban policy is supportive of local economic development and creator of jobs. However, note should be taken that the Local Economic Development has a much wider dimensions than supporting MSEs.

Sr. No	Housing & Sustainable Urban Development Indicators	level of progress		
		1996	2006	2013
20	Percentage of city and regional authorities that have implemented plans and designs for sustainable and resilient cities that are inclusive and respond to urban population growth adequately¹⁴⁰	10	10	30
21	Share of national gross domestic product (GDP) that is produced in urban areas¹⁴¹	-	55.9/24	57.6/28.4
22	proportion of urban population living under poverty¹⁴²	36.5 (1995)	35.3	25.4 (2010)

¹⁴⁰ Of the around 600 urban centres who have urban plans prepared for them under different nomenclature non has adopted a density and circulation systems that would enable them to be more efficient in the use and management of urban lands. The Foot print of cities was never considered an issue for the plans were more of expansion oriented, less dense and deprived of any sustainability elements in them. As a result urban canterers were notorious at encroaching neighbouring farm land unabated. In this regard Ethiopian Urban centres will have to go a long way along with freshly introduced policies and strategies for sustainable urban development by the MUDHCo.

¹⁴¹ MoFED and World Bank (April 2014)- Ethiopia Local Government Study - Part II

¹⁴² MoFED (2013)

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