

# **Ministry of Federal Affairs**

Urban Development Policy  
(Approved by Council of Ministers)

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## INTRODUCTION

Urban development involves multi-sectoral activities that include inter-related and co-ordinated developments of the industrial, commercial, infrastructure and service sectors. Consequently every sectoral development activity, in addition to sector specific goals and objectives, should aim at general and holistic direction of common development goal. This calls for formulation of urban development policy along such direction.

Urban development is dictated and influenced by the direction and speed of development in rural areas. Similarly rural development will be stunted unless there are growth in urban centers since the latter plays decisive role in absorbing rural products and supplying the necessary inputs. The linkage of rural urban development coupled with linkages among urbans will help to accelerate development. It, hence, becomes necessary to formulate urban development policy that ensures such linkages in all spheres.

Urban development is unthinkable without good governance. Development of urbans will be stunted unless there are efficient service delivery, democratic bases, sustainable peace and stability and also supremacy of law. Hence, there is a need for policy that shows linkages of urban development and good governance mainly the unique features of urban good governance and the direction of urban development.

Moreover since the country has no independent existence and activities separate from the global economic and general situation, urban centers in the country require development direction that helps them to be competitive internationally. The policy to be formulated accordingly needs to enable urban centers become competitive locally, regionally and at the international levels. This in turn requires enabling the urban centers create industries, infrastructures, service facilities and good governance that will enhance their competitiveness.

This policy on Urban Development is, hence, formulated in a way that focuses on such direction of linkages and help as a guide in urban development and promotion of good governance.

**PART ONE**  
**PROBLEMS OF THE ETHIOPIAN URBANS AND**  
**THE NEED FOR THE POLICY**

**1.1 Basic Problems of Urbans**

Constraints related to development and good governance are the basic problems in the country which are hence the major problems of urban centers. Owing to the slow development in rural areas, the urban centers were not able to grow and serve as centers of market, service and industry to support rural development and also as center of linkages for rural-urban development. As a result urban centers in the country are in deplorable poverty, which become residential centers of job less people. The urban centers lack decentralized system of governance and local autonomy and used to execute orders passed from the above. As a result it was not possible to exercise good governance, supremacy of law, transparency, accountability and participatory administration. The basic constraints related to development of urbans and good governance are as discussed below:-

**1.1.1 Development Related Constraints**

**a) Lack of Adequate Infrastructure**

The urban centers in the country lacked adequate supply of potable water, road, electricity and telecommunication services. The coverage of such services in most of the urban centers is either limited or poor in quality. As a result the infrastructure facility supply in the urban centers is not able to meet the demands of the people and requirements of investors.

**b) Lack of Adequate and Quality Social Services**

Although social service facilities are said to be better at urban centers compared to the rural areas, the quality of the service in the urban centers is low while the coverage is limited. The services are available in few urban centers which focus on treatment of diseases and academic education without giving priority to prevention of diseases, and expansion of basic education and vocational trainings. Hence the available social service facilities did not enable to prevent diseases related to poverty and social backwardness, unemployment of the educated and begging by those who are not educated.

**c) Lack of Residential Houses and Dilapidation of Urban Villages**

The urban centers lacked developed land, financial supply and construction capacity to enable massive construction of houses required by the poor and middle level income groups of the society and investors. Moreover there was no policy and institutional structure and favourable condition for creating co-ordination between the government and beneficiaries to change the situation. As a result there is widespread shortage of residential houses and dilapidation of the villages. Legal and illegal construction of new houses has been carried out most of which were without any pattern and below standard.

**d) Lack of Recreational Centers and Environmental Pollution**

The settlement pattern of the urban centers lacked system for disposal of liquid and solid wastes, plots reserved as green areas and adequate recreational centers. In most urban centers the villages are dilapidated while there is a wide spread illegal construction and building of new houses that are below standard without any pattern and in away that pollutes the environment. Adequate attention has not been given to maintain appropriate green areas and recreational centers. This in turn forced the youth and teenagers to spend their time at undesirable places.

**e) Absence of Strong Rural-Urban Linkages in the Settlement pattern of the Urban Centers**

Although the national economic policy envisages to bring about Agricultural-Led Industrial Development, there was a constraint in creating linkages between rural and urban development and bring about proper implementation of the policy for accelerated growth. What's more there were no proper policies and concrete activities aimed at rural development or rural-urban development linkages under the past systems as a result of which the urban centers have remained under abject poverty. The urban centers in the country could not serve as organized and developed centers of market let alone become center for industry and services. Hence they could not become development centers for accelerating rural development and that of the nation in general.

**f) Absence of Balanced Development and Linkages between Urban Centers**

There is a wide gap in development between Addis Ababa and other cities and between cities found in different regional governments. Although Addis Ababa city is in a relatively better position in terms of population size, economic development and institutional capacity, dilapidation and poverty are also extreme cases in the city. Similarly although the urban centers located in areas of the farming community have basic differences from those found in agro-pastoralist areas, the former still lacked competent urban development plan and comprehensive systems and regulation required for urban centers. In addition to absence of urban inter linkages in terms of commerce and associated services and industries, there were no balanced and non-centralized settlement pattern of urban centers. This was mainly so since in the past there were no policy and strategy formulated based on agriculture and rural development in away that makes all regions and mass of the people participatory and beneficiary. Although there have been improvement in development since the formulation of Agricultural-Led Industrial Development Policy major leaps are not witnessed owing to constraints related to speedy and broad implementation of the policy.



As a result of these constraints, there is a wide spread poverty and backwardness, sluggish growth and lack of pattern in urban development. The urban centers thus remained to be settlements with dilapidated villages that cannot meet the basic requirements of residents who are jobless and depend on alms. Hence in order to fundamentally change these situations through urban development activities recently commenced, it become necessary to formulate appropriate urban development policy.

### **1.1.2 Constraints Related to Democratic System and Good Governance**

- a) Lack of proper and adequate of political Administrative and resource allocation in line with decentralized system of governance. The urban centers used to execute the orders passed from the above since they lacked legally established political power vested in urban residents. Although there have been improvements after the fall of the Dergue, until recently adequate authority has not been ensured for urban centers.
- b) Under development of democratic attitude and culture that recognizes duties and responsibilities of urban centers and strengthens organization of the civil society. As a result there are still a variety of backward and anti-democratic attitudes and culture.
- c) Lack of participatory development and administration. The urban centers lacked participatory administration and development in which the public involves in generating idea, decision-making and implementation of basic issues of development and good governance.
- d) Absence of attitude and operational system on the part of the leadership to sustainably support and guide development-oriented investors.

- e) Lack of political leadership with adequate competence in urban bureaucracy to ensure transparency, accountability and supremacy of law. The urban centers also lacked trained manpower, appropriate organizational and operational system that consider the unique features and missions of urbans.
- f) Lack of authority to collect and utilize their own revenue

In addition to living in state of poverty lacking meaningful source of their own income, the urban centers were not able to collect and expand their revenue base. They also lacked the culture and system for economically utilizing their revenue and income from subsidy.

In general the cumulative impacts of the above constraints, that is the lack of democratic system and good governance have prevailed in urban centers for centuries. Still now fundamental and sustainable change has not been achieved. Hence it becomes mandatory to formulate policy that will help in rectifying the problems.

## **1.2 The Need for the Policy**

To surmount the above basic constraints of urban centers and bring about development and good governance, the formulation of holistic urban development policy will become mandatory. Since the absence of such policy is one of the reasons behind the above stated constraints, it becomes appropriate to put in place a policy that can guide the role urban centers should play in national development and building of democratic system, ensure accelerated and equitable urban development as well as spell out the type of good governance system required for implementing same.

Accordingly this urban development policy is formulated in a way that indicates the general roles of urbans, decentralized and balanced urban settlement patterns, linkages of urban centers with the rural areas and among each other. The policy also indicates direction on the developments of micro and small-scale business enterprises, housing,

infrastructure, social services and local development for accelerated urban growth. It also indicates the basic essences and uses of urban plan, direction for ensuring good governance and turning urban administrations into development oriented one. Moreover the policy clearly indicates mechanisms for ensuring participatory development, efficient, accountable and transparent administrative system as well as direction for the prevalence of democratic system and good governance and strengthening development-oriented governmental and civil institutions.

## **PART TWO**

### **VISION, OBJECTIVE, RATIONALS AND PRINCIPLES**

#### **2.1 Vision**

To see developed urban centers that are inter linked and internationally competitive capable of serving as democracy and development center in their locality by ensuring efficient service delivery, suitability for residence and adherence to plan.

#### **2.2 Objective**

- To capacitate urban centers to be center of development that will have significant contribution in urban development and national economic growth.
- To make urban residents owners of authority and beneficiaries of development and reach development stages attained by countries with middle level of income.

#### **2.3 Rationals of the Policy**

##### **2.3.1 The Federal System**

The country adopted federal political system which creates a number of urban centers settled following high ways. In line with the principle of decentralized administrative system, broad autonomies shall be given to urban centers and regional governments to administer their own affairs.

##### **2.3.2 Development Strategies**

###### **a) Rural-Urban Linkages**

Rural development is the basis for urban development and determines the direction and speed of the latter. Because it is the labour, agricultural products and natural resources in

the rural areas that serve as a base for growth of industry, service and market in urban areas. Similarly urbans have irreplaceable role in accelerating and making rural development sustainable. This is so since urbans absorb rural production and excess labour, serve as a center of market and industry and supply the necessary services thereby becoming the center of local development. Based on this rationale the policy sets direction that strengthens forward and backward linkage between rural and urban and the two support one another in their development.

The national development strategy envisages to ensure balanced development through optimum and economical utilization of labour and natural resources especially land in all parts of the country. Hence the expansion of urbans that can serve as center of development at different localities becomes mandatory. Balanced and decentralized urban settlement pattern will serve as a basis for this purpose. Hence in line with the development strategy, the policy sets the direction for balanced and decentralized urban settlement pattern.

#### **b) Industrial Development Strategy**

The industrial development strategy formulated based on the national development strategy sets direction that makes major towns center for industry and also the small towns to serve as center for agriculture and industry by utilizing agricultural products and local labour. Accordingly the policy devised mechanism by which major urban centers utilize the natural resource, and local labour to play their role as industrial center. Moreover it indicates mechanism through which especially the major and middle level urban centers will serve as a source of skilled labour and development-oriented investors and supply quality infrastructure and services at competitive price.

In general the rationales on which the urban development policy is based are the federal and decentralized political administrative system as well as the rural and industrial development strategies adopted. Hence the policy will have significant role not only in

the success of the development strategy and strengthening the decentralized system of administration but also in ensuring accelerated and sustainable developments of urbans.

## **2.4 Principles**

- a) Interlinked development of rural and urban and also forward and backward linkages and sustainable relations between urbans.
- b) Expanding development opportunities for all towns by creating balanced development.
- c) Ensuring decentralized urban settlement pattern and bringing about forward and backward linkage effects at various levels among towns that have different economic roles.
- d) Making poverty minimization and eradication the centers of urban development activities.
- e) Broadly participating the public on development activities ensuring the prevalence of mass involvements in broad and sustainable development and good governance activities and strengthening development activities to be promoted by integrating the public interests, government participation and leadership.
- f) Creating strong partnership with development oriented investors.
- g) Establishing decentralized administration and enabling urbans to have broad autonomy and power of self administration.

**PART THREE**  
**THE ROLE OF URBANS IN NATIONAL DEVELOPMENT AND**  
**DEMOCRATIC SYSTEM**

**3.1 The Role of Urbans in National Development**

**3.1.1 Urbans Play indispensable Role in Accelerating Rural Development**

Although the development in rural areas dictates the speed and direction of urban developments, rural development will be stunted if the urban centers are not developed to serve as center of market, industry and services. Hence it is possible to create situation by which urbans play such role and contribute to accelerated and sustainable development in rural areas.

**3.1.2 Urbans Serve as Market Center**

Marketing of agricultural and industrial products and various types of commodities that originate from rural areas, other urban centers and imported are made at urban centers. If the urban centers are supplied with competent infrastructure facilities, different services and institutions suitable for marketing, they could play their role as market center. They also create linkages of agriculture with industry and service sector and inter linkage between industries.

**3.1.3 Urbans Serve as Service Center**

Middle and higher level service institutions required for both rural and urbans usually develop at the urbans centers. If urban developments are guided in such a way, the services will also reach the rural people, support rural services and make the urban centers competitive in terms of quality of services they provide.

**3.1.4 Urbans Serve as Industrial Center**

Agro-industries and other modern industries usually expand at the urban centers. Urbans create conducive situations for adding values to agricultural products and natural resources by using them as input to industries thereby facilitating national industrial development. Moreover urbans supply infrastructure, service facilities and skilled manpower required for industrial development.

### **3.2 The Role of Urbans in Building of Democratic System**

#### **3.2.1 Urban Development Strengthens Relations Between People**

The growth of urban centers strengthens the inter-relation between rural and urban and relation among urbans thereby bringing together people in rural areas and small towns and strengthening economic and social ties among them. Urbans also serve as a center for transforming agricultural subsistence economy to developed industrial and service economy thereby strengthening peoples relation based on economic benefits. Hence by creating social and economic ties, urbans serve as a basis for strengthening the unity of the people.

#### **3.2.2 Urbans Serve as a Model for Development of Democratic Systems**

Democratic culture, thinking and institutions, strong political parties and mass medias rapidly grow in number in urban areas than in rural. Hence urbans will serve as a center of research & art, scientific and democratic thinking and culture.

#### **3.2.3 The Development of Urbans Create Strong Democratic Economic Base**

Democratic system will find its strong base and sustainability in industrialized urban economy than under the subsistence rural economy. Because in the urban setting science and technology which enhances the democratic system will develop, there will be a



number of learned people who can easily be organized and also know their duties and responsibilities. As a result urban residents have better capacity to stand for their democratic and human rights.

## **PART FOUR**

### **ACCELERATED AND EQUITABLE DEVELOPMENTS OF URBANS**

Urban development in Ethiopia can be accelerated if it is based on rural development and strong linkage is created among urbans and between rural and urbans so that urbans will become center for sustainable market, industry and service. To achieve this, there are core urban development activities to be accomplished. These include the following:-

- Expanding micro and small business enterprises.
- Real estate development.
- Kebele development that integrates the capacity of the administration & the public.
- Supply of land and infrastructure facilities.
- Expansion of education and training.
- Expansion of health and recreational centers.
- Industrial development.
- Urban planning and environmental protection.

These activities should be accomplished in a coordinated way in order to bring about accelerated and equitable urban development. Accordingly in addition to major development works to be undertaken by the federal and regional governments and other development activities by the private investors, the core mission of urban administration will be strengthening the integration of these activities and tasks to be performed by the public and the urban administration.

In order to make urban development both accelerated and equitable and also sustainable in which the great majority will become beneficiary, focus should be made on expansion of micro and small business that will create job opportunity to the low income group. This will help them to get access to education, training and basic health services. Supply of potable water, road electricity and telecommunication should be fulfilled step by step.

The development should be able to create situation whereby both rich and poor live together by sharing common infrastructure and social services.

In general the development should enable the ordinary people to have a growing and sustainable income and asset and make development oriented investors competitive. This can be achieved by focusing on expansion of micro and small business, and housing for the public, working in partnership with the investors as well as by participating and benefiting the public in an organized manner.

#### **4.1 Expansion of Micro and Small Business Institutions**

The focus of urban development in Ethiopia should be on the expansion of micro and small business institution. Because such institution will play a key role in urban poverty reduction and to bringing about accelerated and sustainable development. The institutions will have significant role in creating linkage between rural and urban economies, strengthening linkages among urbans and creating development-oriented investors.

##### **4.1.1 Creating Strong Institution that Provides Leadership and Support to Micro & Small Businesses**

The support that should be given to micro and small businesses need to be holistic that identifies and rectifies their constraints sustainably from one center. The organizational structure of the support institution could vary depending on the situation of a given locality.

The institution that co-ordinates and provides support from one center is required to be capable and well organized. The institution requires organizational structure, skilled manpower and detail manuals to provide sustainable direct support and co-ordinate the support by others. Gradually the institution need to be supported by modern technologies.

Beneficiaries of the support from the institution are expected to clearly identify their constraints and have their own organization in their respective fields to solve their problem by preparing plans and executing same in co-operation with the administration.

The plan should be initiated based on their interest and capacity and implemented through their participation by making them beneficiaries. Moreover, the beneficiaries have a decisive role in expanding and making the institution competitive.

Government leadership and support to micro and small business institution should be provided in organized and sustainable way based on the principle of market economy and in a way that ensures competitiveness. The objective of the support by the government is to increase the number of such institutions, strengthen the existing and expand new ones and transfer to medium scale institutions those emerged to be competitive.

#### **4.1.2 Resolving Marketing Problem of Micro & Small Business Institutions**

Micro and small business institution can be profitable and sustainably grow only if they can supply products and services demanded in the market at competitive quality and price. Since the objective of government's support to the institutions is to enhance their competitiveness, the urban administration has the role to solve their market problem by providing the following supports:-

##### **a) Involving Micro & Small Business Operators in Government Development Projects as suppliers of goods and services**

Micro and small business institutions shall be given priority for marketing their products and services through advance payment, direct contract and related ways to supply competitive products and services to government development projects.

**b) Facilitating Networking with Large Local Companies as Suppliers of Goods and Services**

The urban administration has the role to look for large local companies that can buy the products and services of micro and small business institutions and facilitate ways by which the institutions will supply their products and services at the desired quantity, quality and price. The administration is required to find such companies and inform micro and small business institutions about the quality, standard and prices of products demanded and supports them in the negotiation and contract with the companies. It also supports them in the execution of the contract agreement and creates linkages through sub-contracting to broaden their market.

**c) Facilitating Networking with Foreign Companies to Support them in the Export Market**

The administration is required to look for foreign companies and their partners and identify the type, quality and price of products they demand so as to support micro and small business institutions in networking with the companies. Since entering the foreign market is difficult, the task of looking for buyers and maintaining the required product quality and price should be co-ordinated. Transitional period subsidy support that helps to enter the foreign market will also become appropriate. Support in contract implementation through sub-contract arrangements need to be strengthened.

**d) Facilitating Product Promotion and Access to Market Information**

There should be sustainable support to the micro and small business institutions by way of creating access to timely local and foreign market information, and promoting their products through exhibition and other different advertizment mechanisms.

**e) Facilitating Access to Sales Shops**

Constraints associated with sales shops need to be surmounted by building standard shops and renting to the institutions or encouraging and supporting the micro and small business operators to be organized or independently build their own sales shops.

**4.1.3 Surmounting Constraints Related to Managerial Skill**

- a) Devising well organized extension system with the required experts and detail manual of operation which is responsible to link and implement management and skill trainings.
- b) Expanding technology promotion centers, technical and vocational trainings that will mainly supply skilled and job creator vocationalists, undertake technological improvement activities thereby contributing their part in the expansion of micro and small business institutions.
- c) Providing periodical and sustainable management skill training in addition to the regular courses to be provided to new trainees and also continuous short term practical trainings to owners and employees of micro and small business institutions. To this end availing the curriculum, teaching materials and competent teachers at the training institutions.
- d) Ensuring that trainings provided are based on detail need assessment to identify the existing gap in management and skill and are need-based to bridge the gaps. To this end continuous training need assessment and updating of the training courses are required.

- e) To facilitate experience sharing and provision of integrated training bringing together micro and small business operators at the center earmarked for the purpose in the locality or production centers prepared by the operators and giving training priority to those in such centers.
- f) Strengthening the system of apprenticeship and vocational proficiency certification to make micro and small business institutions beneficiaries of such system.

#### **4.1.4 Supporting in Expediting Financial Constraints**

- a) Organizing and encouraging micro and small business operators to develop saving culture.
- b) Supporting the expansion of micro finance institutions that provide credit to micro and small business institutions, facilitating the ground for the establishment of such institutions by the administration and others.
- c) Encouraging the establishment of companies that lease or sell through long term credit production materials and service facilities to micro and small business institutions and issuing rules and regulations on how such companies will be organized and supported.
- d) Establishing special fund through the urban administration or the regional government that provide loan security to certified micro and small business institutions proved to be competitive.
- e) Rectifying financial problems of micro and small business institutions by putting in place attractive pre-payment system.

#### **4.1.5 Rectifying Constraints Related to Land and Infrastructure Facilities**

- a) Preparing land with adequate infrastructure facilities, identifying those suitable for micro and small business institutions and leasing to the institutions at reasonable price.
- b) As much as possible the administration shall construct shades with production facilities on the prepared land and lease to micro and small business institutions or facilitate mechanisms by which the institutions lease the developed land and construct the shades as per their own design by maintaining the standard.
- c) Encouraging and organizing micro and small business institutions engaged in similar type of activities on such developed land by giving them priority in training and credit services of machinery and equipment and coordinating their activities to create inter linkages.
- d) Allocating pocket areas within kebeles and villages as appropriate to micro and small business operators who could not be organized by coming together.

#### **4.1.6 Establishing Incubation Centers for Micro and Small Business Institutions**

- a) Establishing incubation centers at major and middle level towns that provide management and practical skill, training to beginner micro and small scale business institutions, certify and make them self-sufficient.
- b) Equipping the incubation centers with the necessary facilities and trainers so that trainees will receive training against payment of fees to acquire skill that helps them to become owners of resources and competitive.



- c) The incubation centers could be established by the regional government, urban administration and non-governmental organizations. The objective of the center should be not generating excess profit but to expand and enhance the competitiveness of micro and small business institutions thereby accelerating development.

## **Conclusion**

Accelerated, sustainable and equitable urban development can be ensured if the development is based on and linked with rural and agriculture focusing on promotion of micro and small business institutions. The urban administration specially should provide holistic and integrated support for the expansion of micro and small business institutions and enhance their competitiveness. To this end there should be strong institution of the urban administration that acts as owner and co-ordinates the activities of micro and small business institutions. The institution provides such integrated supports as looking for markets, arrangements of training, finance, land and organizing technology promotion and incubation centers.

## **4.2 Housing Development**

### **4.2.1 The Role of Housing in Urban Development**

The development of standard housing suitable to great majority of the urban residents has significant role in urban development by rectifying housing problems, creating job opportunities, enhancing saving culture and overcoming the problems of dilapidations and urban suffocation. Hence special attention will be given to housing in urban development activities.

### **4.2.2 Focusing on Estate-Centered Housing Development**

Housing development means the construction of residential houses and offices to be used by all segment of the society both rich and poor. In this regard the main focus of the government will be on the expansion of housing estates. Since housing estates cannot be supplied at the desired quantity and size by the market, the government will have the major role in the construction of the estates.

Accordingly construction of housing estate to be carried out through the participation and co-ordination of the government will constitute the key activity in the housing development. The main focus of the urban administration will be coordinating and organizing the public for construction of housing estates, and supporting them in the rehabilitation and repairing of the dilapidated houses and villages. The support may include availing developed land, encouraging their design or supplying alternative design and construction technology and also contributing in the improvement of infrastructure and social services in the kebeles and villages.

Moreover as much as possible the urban administration and the regional government will directly allocate budget for the construction of housing estates to be rented to low income group of the society. They are also expected to assist the public to construct its own houses to promote estate-centered housing development.

### **4.2.3 Trends for Expansion of Housing Estate**

The major role of the urban administration shall be availing land and infrastructure for housing estates, supplying cost-saving alternative designs, supporting rehabilitation and repairing of dilapidated houses and villages by the owners and improvement of the infrastructure and social services of their locality. Such support will help the construction of a number of housing estates and repairing of dilapidated houses by the public.

Moreover the urban administration and the regional government, as much as possible, shall allocate finance for the construction of housing estates to be sold to low income group of the society through long-term loan. Such housing schemes shall be space saving condominium buildings designed to save cost and material the construction of which shall participate the beneficiaries thereby creating job opportunities.

The source of finance for such housing estate could be revolving fund of the urban administration, saving by the beneficiaries, etc. The housing estates shall be transferred to low income group of the society through lower advance payment, long term loan with lower interest rate. The total payment by the beneficiaries should be completed within 15-20 years of time.

The housing estate construction to be carried out by co-operatives and the urban administration is required to improve the town by rehabilitating and replacing old and dilapidated houses and villages. The construction shall be made on open spaces within the town and demolishing the old and dilapidated villages. Priority of renting or buying the houses will be given to those who lost their houses as a result of the demolition of the old ones. Moreover private investors engaged in real estate development for rent to low income group at reasonable charges should get supports by way of supplying land, infrastructure facilities, design and construction materials.

The urban plan at the kebele and village level should indicate how dilapidated old villages will be rehabilitated and improved. This should be implemented through extensive consultation of the public in a way that makes them beneficiaries.

Specific standards and detail plan of kebeles and villages should be prepared for new housing estates to be constructed by the urban administration or cooperatives. The construction should strictly adhere to the standard and plan to avoid below standard construction and non-conformity to the urban plan. In this regard focus should be made

on convincing the public and strengthening the control system. Legal system should be promulgated and implemented on the demolition of houses that were constructed legally or illegally prior to issuance of this policy which are either dilapidated or do not confirm to the plan. Residents who may lose their houses as a result of such measures should be either given land for replacement or priority to rent or buy the housing estates. Moreover appropriate compensation should be paid to the owners if the demolished houses were legally constructed ones.

If demolishing of the houses that are legally and illegally constructed is not necessary but the buildings do not confirm to the required standard, efforts shall be made to improve the infrastructure and social services at the locality and the owners will be encouraged to rehabilitate the buildings. Otherwise the buildings will be replaced by new housing estates.

After the issuance of this policy the urban administration has the responsibility to protect the construction of illegal houses or those that do not confirm to the standard and plan. The regional governments and urban administrations are required to issue rules and regulation on illegal construction, standards of housing estates and construction licensing. There should be adequate consultation with the public on such issues and the people should be fully convinced to respect and implement the rules and the regulations.

Land, infrastructure and local plan need to be prepared for the construction of housing estates and residential houses in which people with middle and high income groups reside in a mixed way. Concentration of housing estates at one locality or at the peripheral area of the town should be avoided. Moreover housing estates should serve not only for residences but also contain parts of rooms for commercial and recreational purposes and open area for recreation.

As much as possible micro and small business institutions will be made play significant role in the construction of housing estates. Residents of the housing real estate will gradually be given ownership rights after fully covering the cost.

#### **4.2.4 Supporting Real Estate Development by Investors**

Investors will have significant role in the construction of residential and office buildings for rent and sale to middle and high income groups. Hence in order to support development-oriented investors engaged in real estate development, the urban administration should supply developed land, prepare qualified design and construction vocationals, strengthen the system for ensuring property rights, marketing and create forums of discussion for sustainably solving problems and encourage the investors. The urban administration should support the investors as much as possible to use local materials for the production of construction goods.

Rules and regulation shall be issued on the contract system between real estate developers and purchasers, duties and responsibilities emanating from relation between those who rent houses and the tenants as well as the standard quality of the houses.

### **4.3 Facilitating Land Delivery and Infrastructure Development**

#### **4.3.1 Land Policy and Delivery**

##### **a) Land Policy**

The land policy of the country states both rural and urban lands to be the property of the state and ensures the use right by renting urban land for definite period of time. The policy allows that the government can retain land needed for public interest and use individual holdings for better development activities by paying compensation to the owners for the properties stationed on such lands. The policy also helps to stabilize the

price of land and houses and equitably distribute land to both rich and poor. The leasing of urban land to users at a reasonable rate through long time installment saves the beneficiaries from expending large sum on purchase of land at once and use the money for other development activities. This in turn will have significant contribution for the envisaged fast development. It also stabilizes price of land and marketing of real property. Moreover by bringing about economical use of land for intended development works, it ensures ownership to land and houses thereby ensuring rapid, sustainable and equitable development of free market economy. In general if strong implementing body is put in place and appropriate awareness is created with the public on its benefits and implementation modalities, the urban development policy helps not only to accelerate the urban development but also serves as a tool for the development of free market economy.

#### **b) Principles for Land Delivery**

The following are principles to be followed in the delivery of urban lands:-

- Urban land is a decisive but limited resource that need to be used in a planned and economical way. Hence using urban land for intended purpose as per the urban plan in a priority order;
- Implementing the delivery of urban land in a sustainable and efficient way by giving priority to accelerating development and stabilizing prices;
- Delivering plots for residential, commercial uses and recreational purposes in a balanced and integrated manner to avoid suffocation of houses and villages;
- Facilitating mechanism by which low income groups are allocated adequate land at reasonable cost;

- Facilitating efficient and sustainable delivery of land to investors engaged in the construction of residential and commercial buildings for sale or rent;
- Creating system for registration and marketing of real property as well as issuance of title deeds; and
- Ensuring that land to be delivered for construction of residential houses and commercial uses have adequate provision of infrastructures.

**c) Procedures for Land Supply**

Study should be conducted on the type of the urban land, and its size, location and use to allocate to users in a sustainable way through tender, negotiation and permit. Its use and allocation to beneficiaries should be in the following priority order:-

- Saving Houses,
- Social services,
- Industry, micro and small business institutions,
- Residential houses,
- Commercial organizations, and
- Recreational centers.

While the priority order is as indicated above, each kebele and sub-city can balance and combine the preparation of plots for the above services (except for industrial use) in conformity to urban plan and land allocation. The land allocation should especially combine housing estates and other houses for residence and commercial uses by reserving land for adequate green areas and recreational centers for each locality.

### **4.3.2 Supply of Infrastructure**

The supply of infrastructure which should be implemented based on its feasibility should aim at ensuring rapid development. Supply of infrastructure to urban centers will be made in a priority order based on the roles of the urban centers in the socio-economic development. Accordingly especial focus will be made on equitable distribution of the facilities to create conducive environment for accelerated development.

In line with the above direction, expansion of infrastructure should be attempted through co-ordinated activities of the government, private investors and the public. Priority should be given to supply of potable water to all towns. Urban water supply will be made by the respective regional governments and urban administration to be distributed by charging consumers on the principle of cost recovery. The construction work is mainly to be carried out by government budget while the public will be encouraged to participate partly by contributing finance and labour. Focus should be made on strengthening the system for ensuring the quality and sustainable maintenance of the water supply, equitable and efficient services. In this regard the regional and federal governments should provide the necessary support in the creation of such capacity.

Next to water supply, focus should be made on the construction of roads. It is essential to provide internal gravel road to all villages to allow taxi and ambulance services. Major roads should be covered with asphalt surfaces as much as possible. The focus of the urban administration in this regard should be to continuously work on standard roads that match the urban plan and strengthening system for maintenance and pedestrian pathways. In such process, the public should support the urban administration by contributing finance and labour.

Efforts should also be made to provide telecommunication and electricity services to all towns by setting priorities. In this regard the urban administration is required to



cooperate and contribute its part by supplying land and infrastructure and integrating the services with the urban master plan.

Urban administrations are required to encourage investors to provide city transport services and as much as possible should provide transport services in a way that gradually recovers its cost.

#### **4.4 Expansion of Social Services**

##### **4.4.1 Expansion of Education and Training**

The National Education and Training Policy and rules and regulations issued to implement the policy need to be also fully adhered to in urbans. Urban residents should be able to continuously participate in the administration of education and training by involving in the planning, implementation and education of the activities and be made owners of construction works by contributing materials and finance.

The sustainability of the school environment for the education and strengthening of good ethnics among the students should be ensured. Hence activities and institutions that may affect such environment should not be allowed in school vicinities.

Non-governmental organizations and private investors need to be encouraged and supported to broadly participate in education and training activities. The support to be rendered by the urban administration in this regard mainly focuses on supply of land and infrastructure, creating forum for consultation and system for co-ordination of activities, ensuring the security and disciplines of education and training institutions and provision of efficient municipality services.

There should be continuous mass activities in education and training areas by involving education administrators, teachers, students, parents and the urban administration with the ultimate objective of creating competent citizens.

#### **4.4.2 Expansion of Health Services**

The focus of health service in the urban shall be on the implementation of rules and regulation pertaining to the health policy. Health services system that mainly focus on prevention of diseases by maintaining individuals, household and environmental hygiene and give priority to expansion of basic health service facilities shall be promoted in urbans. This shall be implemented by devising system for health extension activities mainly focusing on special health problems in urban areas and protecting pollution. Special attention will be given to prevention of health hazards related to water, food and air pollution and mitigate the spread of HIV/AIDS and other communicable diseases. The key activity required for these tasks will be bringing about cultural and attitudinal changes and creating institutional capacity for implementation.

There should be adequate and continuous consultation with the public on these issues and the planning, execution and evaluation process should be executed by specifying and integrating the roles of the government, public and the private investors. In order to broaden and make the participation sustainable, it should take the shape of continuous mass activities. To bring about cultural and attitudinal changes on household and environmental sanitation, the public should be organized to participate in environmental hygiene and administration of basic health service institution and also contribute internal facilities and materials for the construction of the institutions. The community should participate in the planning, execution and evaluation of the activities in co-ordination with the health institutions and also contribute their part in the construction of the institutions.

The private investors and non-governmental organizations need to be encouraged and supported to participate in the health services. The support to be rendered by the urban administration in this regard include supply of land and infrastructure, licensing and providing efficient services in other support activities. Moreover there should be strict control to mitigate the expansion of harmful and below standard health service delivery both illegally and also under the cover of legal license. Strong monitoring and control system need to be put in place to ensure that those engaged in drug vendoring and medical service delivery adhere to government rules and regulation with respect to quality of services, and perform their activities in a transparent and accountable way. The government should build up the capacity required to undertake monitoring and control activities expected by the public.

#### **4.4.3 Expansion of Recreational Centers**

- Expanding recreational centers for youths and women in towns and kebele level through the urban administration, co-operatives and investors;
- Availing land and infrastructure for purpose;
- Providing training, advisory, information, library, sport and musical services at the centers; and
- Giving proper attention to the delineation and development of sport and other recreational centers in the preparation of urban plan and different development activities in a given town or kebele.

## **4.5 Urban Standards, Plan and Environmental Protection**

### **4.5.1 Setting Standards of Urbans**

All urbans do not have equal level of development and role and hence standards will be set on the bases of which the required support in development and capacity building will be given to them. Standard setting for urbans is essential to strengthen their inter-linkage and support them based on their roles and specific problems and bring about balanced development and mutual benefits among towns. Unless the major towns took the vanguard role to serve as a center and lead and inter-link the development of the rural areas and small towns in their locality, the development of rural areas and that of the small towns will be mitigated.

Similarly small and medium towns need to be expanded and grow at all localities so as to bringing about rapid, sustainable and balanced development to all people. Hence the preparation of standard for each town based on specific criteria will become essential and important.

The basic criteria for setting urban standards are the following:

- a) The strength and roles of the town to serve as development center, i.e. their relative strength to become centers for:
  - Market
  - Service
  - Industry
- b) Population Size
- c) Their role as a political center
- d) Their role as historical and cultural center.

Appropriate weighing scale shall be allocated to each criteria on the basis of which:

- Standard will be set by the federal government for major federal towns.
- The regional governments set standard for towns in their respective regions.
- Evaluation formula will be formulated to categorize the towns according to their standard.

#### **4.5.2 Urban Plan**

The overall trend of urban plan shall be based on national and regional development plans and aims at strengthening rural-urban linkages, inter-urban linkages and the integration of development plan and land use. The essence of urban plan is ensuring rapid and equitable development that specifying and co-ordinating the role to be played by the governments, investors and the public. The plan should ensure broad participation and mutual benefits of the three organs through continuous consultation forums to be created. The plan should also ensure that the public will become the owners of the works to be done.

The urban plan should set out the budget and capacity building required along with implementation modality and also ensure transparency and accountability. It needs to be continuously improved and implemented supported by detail plan of action. Accordingly the urban plan is expected to bring about systematic growth of urbans and make them competitive development centers that are suitable for residence and works.

#### **4.5.3 Urbans and environmental protection**

The urban administration, government and the people should give proper attention to environmental protection to avoid continuous suffocation and pollution to be followed with the expansion of cities.

In addition to strictly implementing the national and regional environmental protection policy, rules and regulation, the urban administrations are expected to take the following environmental protection measures:-

- a) Delineating green areas within the framework of the urban plan, at the town and kebele level and considering environmental protection issues in the overall urban development activities;
- b) Putting in place appropriate rules and regulation, manpower, organization and operation system to strictly control pollutions to be caused by institutions and individual households, and creating institutional capacity for sustainable implementation of same.
- c) Devising system by which the role of the urban administration, investors and the public will be specified and integrated in the disposal of solid and liquid wastes and guiding implementation of same.
- d) Planting and conserving trees at the premises of institutions, residential houses, road sides, urban recreational centers and following drainages and replacing the trees whenever they grow old or needed for different uses.
- e) Devising system for recycling of wastes and encouraging those engaged in waste recycling and adopting simple technology of recycling at household, kebel, urban and institutional levels.
- f) Bringing in cultural and attitudinal changes of the public to maintain the environment and protect pollution and ensuring continuous and sustainable public participation in environment protection.

## **PART FIVE**

### **DEMOCRACY AND GOOD GOVERNMENT IN URBAN**

The basic objective of maintaining democracy and good governance in urbans is to ensure that urban residents are beneficiaries of the development activities and citizens are made owners of the political power. Democracy and good governance are the pre-conditions for rapid, equitable and sustainable developments. On the other hand democracy and good governance can take root only by bringing about rapid, participatory and equitable development. The promotion of democracy and good governance together by itself is the way for development and building of democratic system. Hence democracy and good governance are mandatory to bring about urban development.

#### **5.1 Democracy in Urbans**

The urban administration require broad autonomy legally given to them to decide on and execute issues related to their localities. Especially the regional constitution should clearly provide for urban self-administration and issue regulation to this effect. Autonomy should be legally conferred to urbans that allows them to have their own source or revenue and government subsidy, their own council to be established through election and limited legislative power on urban related issues.

Administrative autonomy to urbans should not only be limited at town level but also there should be decentralized administration by allowing kebeles broad power of autonomy. This will create conducive situation for ensuring organized, sustainable and direct participation of the public in development and administrative matters and creation of civil associations and democratic culture.

The public should participate on issues of development and good governance not only through its delegates but also should directly be consulted and participated on basic issues of its concern.

## **5.2 Good Governance in Urbans**

The urban administration should be able to provide services at all levels in efficient, transparent and accountable way and also keep on improving its services to satisfy service seekers. The administration is required to be transparent to the residents on its policies, budgets, rules and regulations. The policies, rules and regulations should also be formulated, implemented and evaluated through participation of the public. There should be immediate accountability of officials and employees of the administration whenever administrative offenses are committed. In this regard upto date and complete information should be provided to the public on a continuous way. Moreover public opinion should be listened to and their questions should get immediate response.

The urban administration to be created needs to be have employees and officials who are free from corrupt practices of mishandling the public. The administration should put in place clear and simple systems of operation that can easily be seen, understood and corrected by the public. The urban administration should strengthen the support that enables the public understand their duties and responsibilities and safeguard their rights.

Urban leadership that supports development oriented investors in all ways and mitigate illegal business activities that do not have developmental impacts need to be created. The leadership should be problem solving one that manages by specifying and integrating the roles of the government, private investors and the public, ensures equitable development for all segments of the people and strengthen the partnership between the administration and development oriented investors.

If urban development is to be fast and sustainable, there should be peace and supremacy of the rule of law. This can be ensured by capacitating the justice system and security organs. A system should be devised to undertake all activities according to the law and system with clear division of labour in a transparent and integrated way. Specific rules



and regulation applicable to different subjects need to be issued for systematic administration of urbans including creating capacities for implementation of same. Accelerated development, strong public participation and competent administrative capacity should be in place to mitigate poverty, lack of job opportunity, and outlawness which are the root causes of crimes.

### **5.3 Strengthening Urban Capacity Building**

By focusing on education and training, organization and operational systems, study and research works, capacity building activity should be continuously pursued to create competent and development centered administrations at urbans. To this end expanding training institutions, identifying organizational and operational systems, rules and regulations that need to be revised, improving them based on proper studies and implementing same will become essential.

In general the cumulative impacts of capacity building should be:

- To create development-oriented urban administration that is democratic and competent and reliable by the public,
- To bring about rapid and sustainable development that benefits all segments of the society.

The capacity building activity is expected to continuously develop capacities of development forces and specially create the capacity to guide development activities by the urban administration. Accordingly continuous capacity building activities will be pursued to capacitate institutionally the urban executive organs so that they will be able to live up to their immediate and strategic missions.

## **PART SIX**

### **IMPLEMENTATION OF THE POLICY**

This policy is nationally applicable to be implemented by specifying and integrating the roles of the federal and regional governments and also the urban administration. Accordingly the role of each of these organs shall be as follows:-

#### **6.1 The Federal Government**

The Federal Government shall have the following roles:-

- 6.1.1 Supports the capacity building activity for accelerating urban development and good governance;
- 6.1.2 Allocates and distributes finance required for urban development;
- 6.1.3 Issues federal level regulations on the implementation of the policy.
- 6.1.4 Co-ordinates and monitors the implementation of the policy through the Ministry of Federal Affairs.

#### **6.2 Regional Governments**

- 6.2.1 Responsible for the implementation of the policy in their respective regions;
- 6.2.2 Formulate appropriate strategy and work program and issue rules and regulation on the implementation of the policy.
- 6.2.3 Provide capacity building supports to urbans.

- 6.2.4 Give subsidy to urbans based on formula, notify the income of the urbans, based on ceiling to be set by the federal government, permit loans to urbans;
- 6.2.5 Sets standards of urbans by establishing criteria.
- 6.2.6 Prepare and issue standards of infrastructure and the minimum standard required for housing construction.
- 6.2.7 Decides on controversial issues related to delineation of rural land to urbans.

### **6.3 Urban Administrations**

- 6.3.1 Issues rules and regulations required for the implementation of the policy.
- 6.3.2 Organizes institutions for executing the policy and especially strengthen training and research institutions.
- 6.3.3 Ensures direct, continuous and organized participation of the public, build the capacities of kebeles and allow them adequate power to bring about such participation.
- 6.3.4 Carry out development activities in all spheres to make urbans centers of development and ensure that the public are source of power and beneficiaries of the development activities.