

## A BRIEF REVIEW OF URBAN DEVELOPMENT INITIATIVES AND POLICIES IN ETHIOPIA SINCE 2000

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### ABSTRACT

The government adopted urban development policy in 2005. The policy focuses on issues considered urban development pillars such as land delivery, infrastructure development, expansion of social services, environmental protection and urban good governance. Before the adoption of the policy, urban agendas were included in different plans and programs but were unsynchronized leading to the absence of solid urban policies and programs. Even after the policy was adopted, the government at different times took parallel initiatives. The purpose of the paper is to assess this policy, plans and programs in terms of coherence problems and gaps. Secondary data were collected from relevant sources and supplemented by author's observation. The review shows that more needs to be done at policy design and implementation levels given the depth and breadth of existing urban problems compounded by persistent rural-urban migration which become formidable challenge for urban development and governance in the country.

**Keywords:** urban, policy, plan, program, challenges, gaps, Ethiopia

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## INTRODUCTION

Urbanization can undoubtedly bring about positive developments; cities have been associated with economic and social development, hubs for job creation, innovation, growth and are potential for a more efficient use of resources.

Yet cities are also places where governments face acute policy challenges, including concentrations of poverty and unemployment, infrastructure deficits, high level of pollution and difficulties in the provision of key services. This explains why cities address policy issues prior to or with more urgency than national governments as what happens in cities is critical to national economic, social and environmental performance.

According to the National Report on Housing and Sustainable Urban Development by the Ministry of Urban Development, Housing and Construction (2014), 20% of the total population of Ethiopia lives in urban areas. This makes Ethiopia one of the least urbanized countries in the world and well below the Sub-Saharan Africa average of 37%. However, despite this low level of urbanization, the country has one of the highest rates of urbanization even by the standards of developing countries, which is estimated at 4.1% per annum. This is also much higher than the average growth rate of the total national population, which is estimated at 3% per annum. The level of urbanization which has been only 6% in the 1960s is projected to account for 30% of the total population in the year 2025.

In parallel with rapid urbanization, Ethiopia is going through a demographic transition. The labor force has doubled in the past 20 years and is projected to rise to 70 million by 2030, from 33 million in 2005. Creating job opportunities in urban areas will be essential if Ethiopia is to exploit its demographic dividend. Cities already play an important role in the economy, contributing to 38 percent of gross domestic product (GDP) though employing only 15 percent of the total workforce, due primarily to the productivity associated with sectors located mostly in urban areas.

If not managed well, rapid urban population growth may pose a demographic challenge as cities struggle to provide jobs, infrastructure, services, and housing. Infrastructure and service delivery are already undermined in many cities by growing population and by overstretched municipal budgets, while formal labor markets are failing to keep up with demand for jobs.

Thus, the central challenge for the Ethiopian Government is to make sure that cities are attractive places in which to work and live, while fostering “smart urbanization.” Smart urbanization means putting in place the right policies, institutions, and investments now, when incomes and urbanization levels are fairly low.

Evidences show that the Government has recently become aware of the importance of cities for the country’s economic growth. Government’s effort to anchor urban issues in its core policy and strategy started with the issuance of its first *Urban Development Policy Note* in 2005, continued with its recognition of the urbanization agenda in the second *Poverty Reduction Strategy Paper* and later in the *Growth and Transformation Plans (GTP)*. However, urbanization in Ethiopia is still failing to meet the demands of growing numbers of urban residents in three areas: access to jobs, infrastructure, services, and housing (World Bank, 2014). Reports show that despite the progress made so far, it is recognized that close to one fourth of the population still lives under the poverty line.

The objective of this paper is to review Ethiopia's Urban Development initiatives, programs and plans in relation to the challenges posed by the country's rapid rate of urbanization. Specifically, the paper examines the initiatives and plans in terms of their focus, their coherence and priorities in urban development in Ethiopia since 2000. The period since 2000 is selected because many development plans, policies and programs were adopted starting from this period

Urban development initiatives and policies were not treated as a separate development agenda in Ethiopia over the last decades. Rather, they were treated as small section of other national development sectors like agriculture, industry and construction. Many people who closely follow this trend say that the Ethiopian government neglected urban issues because of its rural based development policy mostly known as ADLI (agricultural development led industrialization).

Cognizant of these shortcomings, the government began to give attention to urban development issues since 2000 and issued the first urban development policy in 2005. Even then, urban issues are not yet coherently addressed and treated. Rather, they still emerge in different development initiatives. This paper tries to inform policy maker to avoid a fragmented approach in dealing with urban policies in Ethiopia.

The methodology of the assessment is a desk review of relevant literature, secondary sources and reports on Ethiopia's urban development policy, plans, programs and packages. The documents selected in this regard include SDPRP, PASDEP, NUDP, GTP and ECR-3G2P. These documents were briefly reviewed in terms of their coherence, their focus and the challenges encountered. Other relevant secondary documents were also employed to supplement the review of the main documents. Based on the collected data and review of related literatures, critical review was made and conclusion was drawn.

## **1. THE NATURE OF NATIONAL URBAN POLICIES**

Urban policy provides the necessary direction and course of action in clear manner to facilitate urban development. Most policies are based on the assumption that as a country's population grows and urbanizes, major social and economic activities occur in cities and towns. If not properly managed, this creates an unsustainable urban environment, characterized by unemployment, urban poverty, informal settlements and environmental degradation.

There is significant difference in the approach to urban policy between countries, reflecting the political and institutional environment in which policies are set and the procedures and instruments selected for implementation (Geyer 2009).

UN-Habitat (2015), defines a national urban policy as "a coherent set of decisions derived through a deliberate government-led process of coordinating and rallying various actors for a common vision and goal that will promote more transformative, productive, inclusive and resilient urban development for the long term."

There are also other definitions for national urban policy. Thus for others it could mean a combination of political will and technical capacity to coordinate decisions at a municipal level. Or it could refer to an approach that ensures national priorities are consistent with the needs of cities and that national resources are invested in cities.

In the realm of public policies, those set of policies, which are specifically designed and implemented at the urban levels for achieving social optimums have been broadly referred to as urban policies (McCann, 2001).

The domain of urban studies and related literature have tended to agree, particularly after the post World War II, over the fact that intense concentration of people in a few urban areas can be cataclysmic, or sometimes, when managed in “responsible and rational ways”, may prove to be a “highly productive and efficient socio-spatial system” (Prud’homme and Lee, 1999).

Existing literature also suggests that public intervention in the urban sphere is fundamentally justifiable on three accounts – efficiency, equity and development. The fact that actions of one economic agent impose cost or confer benefits to others (commonly known as the problem of externality), which are common in the urban sphere as well, cannot be accommodated in the conventional analytical framework of the neo-classicists. To illustrate, locating a firm in the existing urban space contributes to general agglomeration economies while an entering resident in any urban space possibly aggravates congestion for other residents. The existent externality, therefore, entails the breakdown of the result that market, based on private behavior, ensures social efficiency, and warrants a formal role for public policy in the urban sphere.

In tune with this argument, the initial discussions, more particularly those of 1960s and 1970s, on city-efficiency tried to argue that size of the city is one among the most important determinants of urban efficiency and, therefore, focused more of their attention on determining an “optimal city-size” (Prud’homme and Lee, 1999). Alonso (1971), for example, developed a model, which goes to illustrate that both benefits and costs increase with an increase in the city size, with the benefits curve “increasing less and less and cost curve increasing more and more” after a certain point of city-size. It, therefore, follows quite overtly that there is a typical city-size for which the difference between benefits and costs i.e. the net benefit is maximum, which is commonly referred to as “optimal city-size”.

Some countries use explicit national urban, settlement or land-use policies to manage urban growth and change at a national scale.. These policies may be used to provide context for regional, metropolitan or local-level urban growth management strategies and policies. In some cases they override local strategies and policies or operate in the absence of local policies (Geyer 2009). National urban policies take a range of different forms and are supported by a wide range of policy tools and instruments, including the following:

1. National policy that seeks to restrain the growth of city-regions and promote growth in peripheral regions. Such policies have been applied to cities such as London, Paris and Tokyo with varying levels of success. And since the mid-1970s, declines in economic and population growth in many developed cities have brought about questioning of need for policies which restrain the growth of cities (Geyer 2009).
2. National policy which seeks to reshape settlement patterns and systems. This includes:
  - National policy initiatives to direct investment into declining industrial cities through tax concessions, employment incentives, infrastructure improvements, selective public sector procurement policies and creation of special economic zones (for example, enterprise zones, urban development corporations and simplified planning zones).

3. National policies seeking to limit unplanned rural-urban conversion and loss of agriculture including irregular practices associated with the decollectivisation of agriculture (e.g. Vietnam)
4. Migration policies – such as Australia’s points system favouring non-metropolitan destinations for international migrants

Good policy can have a range of benefits including the following:

- Identifying challenges facing cities and responding more directly effectively
- Providing more coherence and better communication between different levels of government
- Providing tools for policy -management that help improve institutional responses  
Providing flexible instruments that allow local government to rapidly respond to crises

Urban agendas can also be seen from long and short term perspectives. In this line (Villesendevenir, 2010; Gleeson, and Darbas, 2004; Sipe and Gleeson, 2004) stated that urban policy involves at least two scales: the immediate and the strategic (which can include both a medium-term and a longer-term focus).

- The immediate scale refers to specific decisions and actions that need to be undertaken to respond to direct demands and opportunities. To make effective decisions and actions responding to immediate demands and opportunities requires flexible management systems that can mobilize the required resources, including legislative, regulatory, financial, fiscal, advocacy and governance, in a timely and coordinated manner.
- The strategic scale refers to actions that focus on the longer term and will require strong leadership and commitment to realize. Effective longer term actions rely on effective longer term planning strategies and policies (Barcelona Metropolis Case Study). It should be noted that effective longer term actions may rely on decisions and initiatives being made in the short term.

If policy initiatives are absent from national agendas urban centres are subject to arbitrary decisions and actions that affect their roles and their development. According to WeixiGong, Kanishka Raj Rathore et.al (2016), over the past decades, with advancements in technology, industry and urban infrastructure, cities have come to contribute 70% of global wealth. However, due to a lack of national urban policy and integrated urban development, precious resources have become increasingly compromised throughout the globe.

## **2. URBAN DEVELOPMENT CHALLENGES IN ETHIOPIA**

Before embarking on the Ethiopian urban policy review, it is necessary to assess the background of the Ethiopian urban situations and challenges. Ethiopia’s urban centers are characterized by a poorly developed economic base, a high level of unemployment and a worrying incidence of poverty and slum settlements. Urban unemployment is estimated to be 26% and up 40 % in larger urban centres including Addis Ababa. Nearly 40% of the nation’s urban dwellers are living below the poverty line.

The overall urban unemployment rates as registered in the Urban Biannual Employment and Unemployment Surveys of October 2003 and April 2004 were 26.2% and 22.9%, respectively (Samson and Tiwari, 2012).

Rapid urbanization in the country is putting a lot of pressure in urban centres in terms of service provision, infrastructure and employment opportunity. This condition made urban centres struggle to meet service demands of not just the existing and natural population growth but also the urban population growth driven by migration. Access to serviced land, housing, safe drinking water, energy, waste management and sanitation can be mentioned as some of the services required of urban centres to at least support a healthy and decent living. Inadequate shelter, combined with poor sanitation, overcrowding and a high proportion of vulnerable women, youth, children, elderly and destitute with very low incomes, result in a high risk of disease and a poverty trap for many urban residents (Samson and Tiwari, 2012).

Moreover, a key feature of the urban sector in Ethiopia is the prevalence of the informal economy. In early 2000, the urban informal sector accounted for almost 40.7% of urban employment. Calculations of gross value of income in different informal industries and services indicate a significant rise in the share of the informal sector between 1996 and 2002 (grew from 1.6% to 8%).

Moreover, some of the challenges and limitations identified in the urban sector which called for further attentions in GTPII (2016) period are poor project management (planning, implementation, follow up and contract management, monitoring and evaluation of the urban sector, capacity limitation, lack of integration and finance, technology gap, shortage of power supply and service, rent seeking practice, and lack of good governance). As stated in the document, the political economy in urban centers and construction sector are dominated by rent seeking attitude and practices.

### **3. DRIVERS OF URBANIZATION AND DEMOGRAPHIC DYNAMICS**

Rapid urbanization is basically derived from migration from villages to towns and the natural growth of urban inhabitants.

#### ***Migration***

Migration considered as major factor to urban growth dynamics in Ethiopia and has significant contribution to the country's urban population. The population migration in Ethiopian to urban centres has been from rural to urban and from urban to urban. Studies including the report on State of Ethiopian Cities revealed that proportion of migrants in urban centres drastically increased. The proportion of migrants in the urban population was above 40% and 73% of the urban migrants were from rural areas (CSA, 2008), indicating increasingly general level of rural-urban migration. This doesn't include day labour migrants coming from surrounding rural areas for which data is not available in any of studies done before.

Employment opportunities and basic social services are attracting rural migrants to the urban areas, whereas drought also thought to be the environmental stressor of greatest concern of the country. Migration is cited as providing a buffer against the detrimental economic implications of climate extremes, which may include loss of income and loss of livelihood. Desertification, deforestation, decreased soil moisture, salinization, soil erosion, and loss of biodiversity are all examples of macro-level changes that take years to develop and that act as effect-multipliers of extreme weather events, having negative economic

impacts on subsistence households, as notable causes of migration. Permanent migration is employed as it allows people to escape livelihoods which depend on the availability of resource but is also a strategy for managing drought. In addition to that existing public investments in industrial parks and sugar factories will attract more people from rural and other urban areas.

### *Natural growth*

Among indicators set to be useful to measure natural growth of a population is the trend of fertility rate. Ethiopia, like many developing countries exhibits high fertility rate 5.9 in 2000 (CSA, 2013).

Ethiopia is now on the onset of a demographic transition. Since the beginning of the 20<sup>th</sup> century, Ethiopia is experiencing a high natural population growth rate compared to the previous long periods where there was virtually no long-term population growth due to very high and varied birth and death rates. Even if the level of urbanization in Ethiopia is low by African standard, the rates of urbanization is high due to high fertility rate.

Ethiopia's urban population has more than doubled in the past 20 years, from 7.3 million in 1994 to an estimated 17 million in 2014. Over the past 30 years, Ethiopia's annual urban population growth rate has been higher than the average in Sub-Saharan Africa (which itself is among the fastest urbanizing regions in the world).

## **4. IMPLICATIONS OF POPULATION INCREASE ON URBAN CENTRES**

Urban agglomeration effects can increase the productivity of resources including land, labour and capital. Proximity generates external economies through specialization and diversification, allowing the production of higher value added products and services. However, this only can happen if urbanization is well managed and it should be noted that every addition in population brings new pressure in provision of basic urban service needs which is not financially and technically easily attainable in urban centres of the country.

Increases in urban population would require investment on socio-economic development to address the ever-increasing demand for jobs, housing and social services. According to the projection made by CSA, the youth population within the age bracket of 15-29 years is expected to grow from the 5.4 million in 2015 to 13.1 million by 2037. In terms of households, there will be close to 6.5 million additional households for which housing units will be required in addition to current backlogs in housing supply. The projection on future requirement of housing made based on the projected population size obtained from the National Urban Development Spatial Planning study indicates that the additional number of housing units that would be needed until 2025 and 2035 would be close to 3.9 and 9.8 million, respectively (MUDHo, 2015). Failure to meet these requirements would undoubtedly result in unemployment, housing shortage and congestion, proliferation of informal settlements, environmental degradation, and inadequate basic social services.

### *Demand for jobs*

As stated previously, the urban youth population within the age bracket of 15-29 years as stipulated in the national youth policy is expected to grow from the current 5.4 million (2015)

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

### *Demand for housing*

As it is explained above, the population size of the country is expected to increase by close to 24.8 million by the end of 2037. In terms of households, there will be close to 6.5 million additional households for which 6.5 million housing units will be required assuming a one to one household-housing unit ratio, even without including current backlogs in housing supply. Failure to address the future demand of housing unit will result in proliferation of informal settlement and of congested slum settlements.

### *Demand for social services*

The additional urban population as per the CSA projection also has implications on availability and access to social services like education and health. During the projection period, about 290 additional primary hospitals will be required assuming one primary hospital per 100,000 populations, according to the standard set by MOH. Similarly, the additional requirements for primary and secondary schools have been projected to be 2,357 and 428, respectively, taking in to account the standard set by MOE. If one is to consider the estimated increase in urban population as projected by the NUDSP draft report, 120 and 310 additional primary hospitals would be required until 2025 and 2035, respectively. Similarly, about 960 and 2500 additional primary schools and 170 and 450 additional secondary schools would be required to address the demand for education in 2025 and 2035, respectively (MUDHCo 2015).

Despite all the challenges facing cities in the country, until recently urban policy was addressed as small component of the national development. It was only in 2005 that the Government formulated National Urban Policy. The policy has two principal packages, which will be presented later on.

The delay of the policy measures was blamed on government's rural based development strategy known as ADLI (Agricultural Development Led Industrialization) since its coming to power in 1991. After identifying that the country is mainly an agrarian nation where agriculture takes the leading position in the economy in terms of job creation, GDP growth and food source, ADLI was adopted as the leading policy agenda.

The starting premise for ADLI is that resources should be directed to areas that provide the highest benefit to the largest number of people, which in the Ethiopian case is the agricultural sector. In addition, the strategy is based on the economic argument based on static comparative advantage, which argues that developing countries should use resources



that they have in abundance (labour) and less of their scarce resource (capital). Accordingly, the economic sector that uses more labour and less capital in Ethiopia is agriculture.

Some argue that rural development should not occur at the expense of the industry or the urban sector. The critique directed against ADLI was that it did not give adequate attention to the urban sector, which also was acknowledged by the government in its National Urban Development Policy of 2005.

As the result, urban issues were appended to other development agendas of the country which led to lack of focus and coherence of the sector. What were the initiatives which were undertaken by the government before 2005? The following section briefly addresses these measures.

## **5. SUSTAINABLE DEVELOPMENT AND POVERTY REDUCTION PROGRAM (SDPRP)**

The Government designed Poverty Reduction Strategy known as SDPRP, which covered the period 2001 to 2005. During this period, government resource allocation and implementation was geared towards investments on the development and pro-poor sectors (agriculture and food security, education, health, HIV/AIDS and provision of clean water as well as on infrastructure development, particularly road construction.

The program was the initiative of the World Bank and the IMF. The two big donors/lenders requested the least developed countries, the heavily indebted countries in particular, to articulate strategies for reducing poverty in line with the Millennium Development Goals. In response to this, the Government of Ethiopia launched a consultation process to formulate the PRSP in August 2001, one month before the Bank and the IMF were due to take a decision on granting Ethiopia debt relief and concessional lending under the Enhanced HIPC facility (Bijlmakers, 2003).

As stated by Ministry of Urban Development Housing and Construction (2014), The SDPRP prepared for the sole purpose of soliciting the cooperation of donors and to benefit from the Highly Indebted Poor Countries (HIPC) debt relief Initiative of the World Bank.

In terms of urban development, the main emphasis during SDPRP was to build decentralized good governance capacity in Ethiopia's urban centres, through the development of legal, regulatory and institutional frameworks supported by capacity building efforts. The SDPRP basically focuses on development policy of the country which has basic components of ADLI, judiciary and civil service reform, and decentralization.

Specific measures taken in the program are:

1. Capacity building and training for 3771 municipal council and *kebele* (neighborhood) members and 1440 professionals
2. Urban management capacity building programs by GTZ and other donors
3. Legal and institutional framework preparation
4. Result based performance management

However, the programme made no reference to the role cities can play in facilitating urban-rural interactions, promoting industrialization and value-addition. This prevented policymakers from developing a holistic thinking on the growing role of cities and towns. From the practical point of view, the urban issues outlined in the SDPRP and what has been done in practice reflects the neglect of urban issues. Most reform initiatives took place only in the capital, Addis Ababa.

## **6. PLAN FOR ACCELERATED AND SUSTAINABLE DEVELOPMENT TO END POVERTY (PASDEP)**

PASDEP, another medium term development program, was introduced (following the end of SDPRP) in line with MDGs. That means Ethiopia had drafted the second SDPRSP in the shape of a PASDEP.

Though PASDEP was an umbrella plan consisting of most sectors, urban development was also included as one of the issues to be addressed. The PASDEP component “Plan for Urban Development and Good Governance” was an attempt that recognized urban development and good governance as important pillars of urban development in Ethiopia. PASDEP has adapted the internationally recognized elements of good governance as guiding principles for the implementation of the Good Governance (Ministry of Works and Urban Development 2007).

The Plan embraced an “urban agenda” with the following objectives to achieve:

1. To reduce urban unemployment to below 20% of the economically active population and thereby reduce urban poverty by increasing urban income levels and income equity: Support small and microenterprises and accelerate the creation of urban-based employment, particularly where this complements rural linkages and delivery of housing and basic services;
2. To reduce slum areas in Ethiopia’s main cities by 50%: Launch a national integrated housing development programme that scales up Addis Ababa’s initiative, based on lessons learned, and which integrates public and private sector investment with microenterprise development and provision of basic services; 22
3. To increase access to land and basic services: Ensuring that there is sufficient access to land for the poor, for small and medium enterprises and for formal private sector industrial and commercial investments; and
4. To strengthen urban-rural and urban-urban linkages by consolidating efforts in the larger towns and launching a small towns’ development programme

PASDEP differs from SDPRP because it states capacity building and good governance as strategic pillars that aims to transform government institutions to improve service delivery; improve their efficiency and effectiveness in providing public services; enhancing implementing capacities through improved working systems and procedures as well as establishing appropriate institutions. Progress is also witnessed in improving the legal framework of urban governance. Measures have been taken to strengthen the legal identity of cities and towns as well as capacity building and human resource development for decentralized administrations, improved revenue collection and resource allocation through policy manuals, guidelines and procedures.

However, out of a 278 page-document, urban development issues were addressed only from pages 161 to 165 and urban governance was addressed in 3 pages from 183 to 185

## **7. THE NATIONAL URBAN DEVELOPMENT POLICY (NUDP)**

The development of a national urban policy is vital in providing the needed direction and course of action to support urban development because it provides an overarching framework to deal with the most pressing issues related to urban development. Urban Policy is a coherent set of decisions derived through a deliberate government-led process of coordinating and rallying various actors for a common vision and goal that will promote more transformative, productive, inclusive and resilient urban development for the long term (UN-Habitat, 2014b).

In its problem review the policy document stated that:

*“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 jobless 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 core principles of the Policy are the following (MoWUD, 2006):

- Strengthen urban-rural and urban-urban linkages for sustainable development,
- Expand the growth opportunities of all urban centers through balanced development of urban centers,
- Increase participation of the community in different aspects of urban development,
- Create strong partnership with the private sector, and
- Decentralize urban governance

Whereas the main objectives are:

- (i) reduce unemployment and poverty through the creation of employment;
- (ii) improve the capacity of the construction industry through the creation of small enterprises;
- (iii) alleviate the existing housing problems through construction of houses;
- (iv) promote urban areas as engines of economic growth; and
- (v) improve urban social and economic infrastructure through the provision of serviced land for housing, Micro and Small Enterprise (MSE) development, youth development, and other development.

The policy highlights the need for rapid development in urban centers through expansion of small and micro enterprises; construction of low cost houses; facilitating access to land; supplying related infrastructure for private sector investments and urban residents including the poor; and expansion of social services (MoWUD 2006).

Two years later, in December 2007, the then Ministry of Works and Urban Development issued an urban development strategy document with two sub-programmes: *Urban development package*, consisting of six programmes, and a sub-programme on *urban good governance package*. That means the policy contains two packages—*Urban Development Package and Urban Good Governance Package*.

*The Urban Development Package* has five pillars: (i) Micro and Small Enterprise Development Programme; (ii) Integrated Housing Development Programme; (iii) Youth Development Programme; (iv) Provision of Land, Infrastructure, Services and Facilities; and (v) Support for Rural-Urban and Urban-Urban Linkages.

The objectives of this package are to: (i) reduce unemployment and poverty through job creation; (ii) improve the capacity of the construction industry through the creation of small enterprises; (iii) alleviate the existing housing problems through construction of houses; (iv) promote urban areas as engines of economic growth; and (v) improve urban social and economic infrastructure through the provision of serviced land for housing, Micro and Small Enterprise (MSE) development, youth development, and other development.

Following the policy publication, initiatives started in Addis Ababa such as the integrated housing development programme, micro/small enterprise development and technical and vocational education and training which rolled out to the regions the years that follow.

*The Urban Good Governance Package*, on the other hand, consists of institutional development, systems reforms and capacity-building measures to promote the implementation of good urban governance practices in urban centers to facilitate accelerated and sustained urban development. The package has seven sub-programmes: (i) land development and administration systems improvement; (ii) public participation; (iii) urban planning improvement; (iv) urban infrastructure and service improvement; (v) organization and human resource management reform; (vi) urban finance and financial management improvement; and (vii) justice reform. Through these sub-programmes, federal and regional governments have provided support to cities in the form of technical assistance, capacity building and training, and through development and enactment of relevant laws and proclamations that may be necessary to achieve the goals that have been set.

By and large, the policy interventions to urban development challenges in Ethiopia have been implemented in large and medium towns, and have demonstrated some policy outcomes. The policies have shown some linkages with the livelihood requirements of the urban dwellers. In particular, the promotion of small and microenterprises and the integrated housing programme have the potential of addressing livelihood requirements pertaining to employment and housing needs.

Moreover, Integrated Housing Development Programme (IHDP) was launched and has been implemented in 56 towns across the country whose aim was to provide new, affordable housing for low- and middle-income people.

At the closing days of PASDEP's implementation in 2010, the government drafted a more ambitious development strategy needed to reboot the economy to a high growth path. The 'big push' approach, with its emphasis on infrastructure development and export expansion, formed the basis of the Five-Year Development Plan, commonly known as *Growth and Transformation Plan (GTP)*.

## 8. THE GROWTH AND TRANSFORMATION PLAN (GTP), 2011-2015

The GTP was launched in October 2010, and covers the years 2011-2015. The Plan's strategic pillars include sustaining rapid growth by promoting industrialization, encouraging social development, investing in agriculture and infrastructure, and strengthening governance (MUDHCo. 2014b).

**The GTP has 7 strategic pillars including:**

1. Sustaining rapid and equitable economic growth
2. Maintaining *agriculture* as a major source of economic growth
3. Creating conditions for *industry* to play a key role in the economy
4. Enhancing expansion and quality of *infrastructure development*
5. Enhancing expansion and quality of *social development*
6. Building capacity and deepening *good governance*
7. Promoting gender and youth empowerment and equity

But the GTP devoted barely a page to urban issues. It does not explicitly spell out the role Ethiopian cities should play in advancing the broad development objectives of the government.

It makes the urban sector dependent on the rural sector. In addition, the GTP sees urban development as one of the economic sectors; even though the nature of current urban development is of multi-faceted and complex which is beyond economic nature. It categorizes "urban development" as economic sector, which otherwise is not only economic but also social, political, and cultural in its nature with multi-faceted and intertwined problems.

The Ministry of Urban Development, Housing and Construction (MoUDHCo) also prepared sector package to align with GTP-I (MoUDHCo 2013). This package had ten pillars, each of which specified objectives, sub-programmes (projects), and implementing partners.

Therefore, parallel to the GTP, the Ministry initiated the *Ethiopian Cities Resilient and Green Growth and Governance Programs Package* covering the period 2011-2015 (MUDHCo., 2014b). the package covers the following:

Pillar 1: Job creation, Micro and Small enterprise Development

Pillar 2: Capacity building and good governance

Pillar 3: Urban planning and design

Pillar 4: Land development and management

Pillar 5: Housing development and management

Pillar 6: Construction industry Development

Pillar 7: Integrated urban infrastructure development and service Delivery

Pillar 8: Green & safer cities

Pillar 9: Strategic leadership development.

Pillar 10: Policy implementation

There are overlaps in pillars of the preceding documents particularly city resilient and green growth package. PASDEP and the policy of the 2005 .This shows that the government has not coherent and integrated program and policy framework regarding urban development after years of development attempts envisaged in different policy documents.

As the 2005 policy is the only document stated officially as the national policy guide of the government the author of this article focuses on its gaps in the following section disregarding the other programs and plans and then make reflections on the overall government attempts

## **9. LACK OF COHERENCE AND POLICY GAPS**

The policy has resulted in some improvements in the nation's urban centres. In the first place NUDP identified important policy issues such as Micro and Small Enterprise Development Programme; (ii) Integrated Housing Development Programme; (iii) Youth Development Programme; iv) Provision of Land, Infrastructure, Services and Facilities; and (v) Support for Rural-Urban and Urban-Urban Linkages.

Following the policy publication, strategies were prepared and launched in the areas of MSE in 2011, urban rural-linkage in 2009, capacity-building strategy in 2012, integrated housing development program, and urban structure plan manual in 2012. Moreover, urban service delivery has been improved following the implementation of urban governance package of the policy. However, the policy did not present a clear roadmap on how to integrate the urban agenda into the overall development framework of the government. The policy also missed out the issue of financing the programs; does not stipulate appropriate time frame for attaining results. Moreover building local democratic institutions is not emphasized and the availability of adequate revenue for the urban administration is not thoroughly discussed.

Seeing from the overall content and framework of the policy paper; the Policy is poor in standard and quality when compared with the standard templates recommended by UN HABITAT.

The policy has no operational definition regarding what urban development is in the context of the country (this is important because, it is from a contextual common understanding of the issue under consideration that policy options, purpose, strategies and other related issues are clearly defined); the urban problem analysis presented in the policy document is too general; the policy document lacks specificity - it simply discusses consequences of urban problems rather than root causes, the vision and objective statements of the policy are vague - it has no clear, inspiring, and compelling vision; the policy objectives, strategies and instruments lack logical alignment; and above all, the policy document is not comprehensive and strategic.

UN-Habitat has been a key contributor to the development of NUPs, especially in developing countries and on the African continent. Key issues relating to NUP include country assessment, stakeholder participation, documentation of good practices to support national processes, analysis of urban policies and instruments, facilitation of local-national dialogue on reforms, and dissemination and capacity development on the policy across the full range of actors.

The UN HABITAT (2015), underlines the following points to be emphasized in urban policy.

1. Clear goals and objectives. Defining a shared and coordinated urban vision for the country is the first and most crucial factor to harness the opportunities and face the challenges of urbanization nationally. The stages of feasibility, diagnosis and formulation must overcome silo-based approaches and intergovernmental and societal rivalries to establish a clear and broadly accepted set of goals and objectives that can then be coherently divided vertically and horizontally into responsibilities for implementation, monitoring and evaluation.
2. A spatial integration perspective. A successful NUP must not omit the spatial application of its objectives and challenges. In particular, a spatial perspective at the broader, national level can promote more balanced territorial development and help to plan for efficient and sustainable use of resources by encouraging urban systems and connectivity between cities, but also by acknowledging and optimizing the urban-rural continuum. Subnational authorities are also in a position to apply the national vision to their territory and address more precisely critical urban and metropolitan challenges, such as the spatial manifestation of inequalities within cities.
3. Suitable institutional arrangements. The successful development of a NUP relies on institutional arrangements that enable a collaborative and coordinated articulation of roles and responsibilities between governmental levels (both federal and regional in the Ethiopian case). The distribution of competences must take into account the strengths and capacities of each level, such as leadership and coordination at the national level and input of contextual knowledge and adaptation at the sub-national level, for increased efficiency and legitimacy.
4. Suitable policy instruments. To be successfully implemented at all levels, a NUP and its vision must be solidly supported by a range of policy instruments and measures that work best in combination: a clear and efficient legal framework, coherent spatial strategies, financial tools encouraging sustainable investments and other programmes, regulations and projects. This requires national support in the form of accurate projections of future urban growth, high-quality statistics and a good understanding of the patterns and trends of urban changes.
5. Commitment of resources. The development of a NUP also necessitates adequate resources – human, technical and financial – at all levels of government. In particular, sub-national authorities need to be given the human and financial capacity to carry out their responsibilities throughout the NUP process. This may entail technical assistance and, most importantly, an appropriate fiscal decentralization accompanying that of competences, through effective public finance mechanisms that secure financial autonomy and capacity for local governments.
6. Stakeholder engagement. The collaboration between all levels of government, civil society, the private sector and other relevant stakeholders is critical for the NUP to deliver a truly shared and inclusive urban vision. The development of a NUP should be the occasion to engage all segments of society through partnerships or participatory processes, with careful attention given to the inclusion of vulnerable or marginalized population.

In Ethiopia, it is not clear how the policy document itself is developed, how it is to be reviewed and monitored. As there was no background review of the previous initiatives it was difficult to know if it is in line with other major documents like GTP II or not.

The policy lacks to care for the urban environment which a critical agenda of our time. Moreover, the policy repeatedly mentioned that “urban development depends on agriculture ...” this premises has its own negative effect on the development of urban centers as it forces to see the urban issues secondary to agriculture. This means that the policy is still dictated by the old ADLI strategy that considered peasantry and as the bedrock of the Ethiopian transformation.

Though it mentioned balanced urban development in the country, the policy did not mention how to ensure balanced territorial development among the regions to reverse the dominance of few urban centres in the urban hierarchy.

Compared with PASDEP the policy has a gap. PASDEP’s urban development and management strategy was clear and specific. On the other hand, the policy was so general and has no clear and specific provision on urban development and management, though it is more transformational than that of PASDEP. The policy document is not clear with respect to the possible financial options to finance the policy and fails to mention timeframe or else a way to evaluate monitor and take action on the policy document itself. The technical capabilities, legal frameworks, financial instruments, and political will to deliver on these complex policies appear to be lacking

It does not address the problem related to the root causes of migration: high rural fertility, increasing food consumption requirements, resource scarcity, growth of new entrants in labor force, and lower economic capacity of the urban formal and informal sector to absorb surplus rural labor.

## **CONCLUSIONS**

Since mid 1990s the Ethiopian government decided to pursue agricultural development led industrialization. ADLI was adopted after identifying that the country is mainly an agrarian nation where agriculture takes the leading position in the economy in terms job creation, GDP growth and food source. As the result most sectoral development policies, programs and packages were based on rural development.

To this effect most policies and programs in early 2000s reflect rural development agendas. These include SDPRP (2001), PASDEP (2005-2010P), GTP1(2010-2015). Some of these programs and plans were not concerned much about urban development issues in this country.

For instance, core urban agendas were not mentioned directly in SDPRP and GTP documents. The two initiatives were multi-sectorial and nationwide plans. For that matter, SDPRP was not homegrown program. Though the program targets poverty reduction in the country it was initiated by the WB and donor countries for HIPCs.

The good thing is that national urban development policy was issued in March 2005 which addressed many urban issues for the first time in its own policy document. The policy aims to make cities and towns serve as centres of development that can foster national



development. A set of principles were outlined in the policy document: strengthening of urban–rural and urban–urban linkages; ensuring balanced development of urban centres; attaining decentralized urbanization; poverty reduction; increasing participation of the community in urban development; forming partnerships with the private sector; and creating more decentralized urban governance

However, there were two concerns again. First the policy was issued parallel to PASDEP. The difference is that PASDEP is multi-sectoral while the NUDP is urban focused. The relations between the two policy documents have not been identified. For instance, it is not clear whether the PASDEP was the implementation tool of the policy or a separate document. Second the policy still considers ADLI as its guide. The policy document stated that ADLI is the basis of the NUDP in the sense that rural development is not only the basis of the policy but also determines the direction and rate of urban development.

The other concern is that while the NUDP implementation is in progress, a new plan was prepared in 2010 which is known as GTP I (growth and transformation plan) which spans over a period of 2010 to 2015. The objective of the GTP is to enable the country to reach a middle income level by the year 2025. The relation and the link between this plan and the previous initiatives are not clear.

In the mean time a new urban package was issued in 2010 which spans over 5 years and named *Ethiopian Cities Resilient and Green Growth and Governance Programs Package* covering the period 2011-2015. The good thing is that the package exclusively addresses the urban agenda to be implemented during the GTP I. But it was not clear if the package's agendas are aligned with the GTP because the latter did not explicitly address urban issues.

There is a clear absence of the synchronization of urban issues in the different policy documents in different times. This has resulted in the:

- incoherence among the policy, programs and packages
- absence of clear linkage between the predecessors and successors of urban development initiatives
- the neglect of the urban issues as a unique sector by the policy makers
- low attention to agglomeration economies

As stated earlier the development of urban areas has received less attention than the rural and agricultural sector in Ethiopia. In combination with the significant challenges of urban poverty, this has led to unplanned urban development and the growth of slum areas with undeveloped services and the associated social, health and environmental problems. To improve the current policy for its effectiveness the following points need to be considered:

1. First, the government should recognize the value and importance of urban development policy. It has the power to shape urbanization and thereby to contribute to the development of productive and prosperous cities. Consequently, a national urban policy should be recognized as a key lever towards the implementation of urban agenda.
2. The policy paper should be well-prepared by experts and outline key policy considerations for the design, implementation, monitoring and evaluation of a national urban development policy. The policy paper should be structured around the following

four themes: (a) challenges; (b) priorities; (c) actors; and (d) implementation; each of which offers actions and activities to be considered.

3. Government initiatives that are planned and executed must be clearly and coherently linked with the predecessor and successor policies, plans and programs. A thorough assessment must be made of policies and program implementations, gaps must be identified and the rationale and the importance of the succeeding initiatives must be clearly justified.
4. There needs to be an adequate institutional, multilevel and multi-stakeholders' framework that fosters dialogue and collaboration in order to ensure the involvement of different levels of government and stakeholders in creating ownership and engagement in the different phases of a national urban policy.
5. There are serious regional imbalances in urban development in Ethiopia. Much of the imbalance is caused by the gap between the size, economic and administrative roles of the cities.

The advantages big cities enjoy pull migrants and investments to them. This has exerted pressure on their infrastructure and services. The correct selection and designation of growth poles to counterbalance Addis Ababa is critical. A sufficient number of growth centres needed to counterbalance the projected power of Addis Ababa. Similar urban functions to those in Addis Ababa need to be developed in regional cities if balanced growth and development goals are to be achieved. Smaller cities and towns need to be able to take on some of the same urban functions of larger cities if their growth is to succeed. To this effect urban development policy should provide incentives to attract private investments to backward areas. By doing this, the policy will ensure that the fruits of growth reach the areas that are less urbanized and not economically prosperous.

6. Ambitious plans must be avoided and plans must be realistic.

For instance, the IHDP aimed to construct 360,000 new housing units in condominium blocks, to be built at low cost, plus 9000 commercial units, with the creation of 200,000 jobs and promotion of 10,000 small enterprises in the construction industry but has not delivered the result as planned.

The policy has not been translated into effective outcomes at the local level. The existing weak institutional capacity, low financial and managerial capacity, inefficient working systems and procedures as well as inadequate competence are believed to have aggravated problems in improving technical capacity to realize the policy.

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