

# ETHIOPIA

## Focus on Regional Secondary Cities



Population growth: 97 million (2014) from 63 million (2000); projected to almost double by 2050 to 186.5 million

Population growth rate: 2.5 %

Urban Population growth: Almost doubled between 2000 and 2014, from 9.5 million to 18.4 million. Projected to more than double by 2050 from 15% (2014) to 37.60%.

Urbanisation rate: 4.8%

GNI per capita: USD 691 (2015) to USD 1,490 (2025)

GDP growth rate: 9.9%

Urban poverty: 25.7% (2010)

\*World Bank Data

### Governance

Ethiopia is one of few African countries that puts cities at the centre of National Development Plans, including the Second Growth and Transformation Plan 2015-2020 (GTP II) and the Ethiopian Sustainable Cities Prosperity Goals (ESCPG). The country has decentralised administration to the regions, with national plans to attract investment beyond Addis Ababa. The urbanisation strategy promotes the development of clusters of cities around regional capitals connected by strong transport links, reinforced by construction of a railway between major secondary cities.

Cities have wide remits in service delivery, which include state and municipal functions. Local governments have some latitude to set the rates of local taxes, but a large share of local revenue is collected by the central government, making spending more centralised than revenues. Mekelle transferred some 70% of locally collected revenues to higher levels of government. Challenges remain in leveraging property taxes; currently, only 12% of properties are taxed. Land use planning is in place, but it is difficult to make planning effective. Key challenges relate to allocation of land to incompatible land uses and land management standards that force households to build outside the norms of the structure plan and informally.

### Economy

To meet the Government's objective of reaching middle-income status by 2025, Ethiopia's GNI overall must double, and urban areas must more than double their contribution to GNI over the next decade.

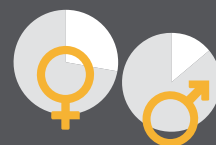
The service sector is particularly dynamic in Dire Dawa and Mekelle. Dire Dawa recorded a growth rate of 12% over the last five years, largely reflecting the city's role as a gateway for freight transport between Addis Ababa and Djibouti. The unemployment rate in Dire Dawa is at 22.8%, slightly higher than in Mekelle, currently at 18.8%. Unemployment in both cities is significantly higher than the national average of about 14%. At the same time, Mekelle has witnessed strong economic growth over the last two decades, reflecting its increasing ability to attract domestic and international investment.

### HIGHLIGHTS OF ETHIOPIA'S URBAN SECTOR

80%

The urban sector contributes 38% of GDP and generates 80% of growth to the Ethiopian economy.

Twice as likely



Women in Ethiopian cities are roughly twice as likely to be unemployed as men. While urban unemployment is estimated at about 20%, female urban unemployment is at 28% compared to 14% for males.

30%



Similar gender disparities in unemployment exist among the youth. In 2011, urban unemployment rates for female youth were at 30% - 14 percentage points higher than for male youth.

Women are also overrepresented in terms of informal sector participation, often operating without access to social safety nets and basic services. In Mekelle, for example, female participation rate is 25%, in stark contrast to that of men at 11%.

## Citizenship

At local stakeholder engagement workshops organised by FCA in Mekelle and Dire Dawa, the issue of insufficient public participation was highlighted as a major challenge to improved governance and citizenship in both cities. Current assessments of the performance of local authorities indicate the need to strengthen participatory implementation capacities, and create opportunities and mechanisms for citizen participation and institutional accountability.

## Services

Power interruptions are common in most cities in Ethiopia, with more than 50% of households in regional capitals facing power interruptions at least once a week. In Dire Dawa, only 7.6% of households reported no power interruptions in a week.

Water supply remains a major issue in both Mekelle and Dire Dawa. The city of Dire Dawa is placing high pressure on existing water sources, due to both limited precipitation and increasing population density. In Mekelle, most households receive water only twice a week. The city relies on water supply systems with capacity to serve the city size of ten years ago. Little progress is being made in meeting the currently rising demand.

Access to healthcare is another problem. In 2015, the population to hospital ratio in major Ethiopian cities was 1:176,606 – considerably above the national standard set at 1:100,000. Mekelle, although meeting the national standard, has a growing demand for more health centres as several sub-cities remain under-serviced.

## Environment

Ethiopia is ranked as the 10th most vulnerable country in the world to extreme weather. Significant climatic variability, such as frequent and persistent droughts and unpredictable rainfalls, are common phenomenon in Ethiopia, including Dire Dawa and Mekelle.

In Dire Dawa the two main environmental risks are the inter-annual variability in terms of rainfall and flood occurrences – both likely to be exacerbated by the impact of climate change. The frequency of extreme rains and flash floods has increased over the last three decades, with dramatic impacts on lives, livelihoods and environmental resources. As a response, the government of Dire Dawa has constructed flood retaining walls in order to protect the urban areas. Similarly, seasonal variability in terms of water supply in Mekelle is considered extremely high, exposing the city to water related risks and insecurity.

## Recommendations for secondary cities in Ethiopia

- Better translate the national policies into implementable local plans;
- Improve the property tax system and the decentralisation of local revenue collection;
- Support small business development with a focus on women;
- Reconcile rapid industrialisation with natural resource constraints with special reference to water; and
- Remove regulatory barriers to renewable and low carbon energy pathways.



## EXTREME WEATHER RISKS: DROUGHT AND FLOODING

The urban sector contributes 38% of GDP and Dire Dawa is vulnerable to extreme weather volatility, causing both floods and droughts. Between 2002 and 2005 droughts resulted in livestock fatalities and temporary migration from the rural areas to the city. It caused famine in some parts of the rural Kebeles, resulting in an emergency intervention from the Federal government. In August 2006 Dire Dawa was flooded, resulting in 256 people deaths, 244 unaccounted for, and 10,000 people made homeless. The direct damage was estimated at a value of 100 million Ethiopian Birr.

Source: CSA, 2011

## ELECTRICITY INTERRUPTION

