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Urban Futures: Coordinated Urbanization as a Catalyst for Ethiopia's Development

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Abstract

The process of urbanization is among the most revolutionary processes that influence the social economic and political environment across the globe. Ethiopia has one of the lowest urbanization rates in Sub-Saharan Africa and the rapid urbanization process in the country is being induced by rural-to-urban migration and natural population growth. The economic growth caused by planned and well-organized urban development may cause creation of employment, promotion of social welfare and social welfare, and vice versa, the uncontrolled urban sprawl may cause poverty, congestion, poor services delivery and environmental pollution. The paper explores the urbanization process in Ethiopia by identifying the relationship between urbanization and national development. The research is based on secondary sources like government reports, policy documents, and international literature concerning urbanization in Ethiopia to know the level of urbanization, institutions structure and the major concerns affecting Ethiopian cities. The results show the voids in housing, infrastructural development, municipal leadership, and job creation. It states in the paper that an integrated urban development system should be developed with the focus on integrated planning, connectivity, and financing, as well as land management reform, local government reform, and the development of the private sector. Through such measures, Ethiopia can be able to realize the benefits of urbanization so that it becomes central to the country in enhancing the middle-income status, alleviating poverty, and also improving the quality of life of its urban population.

Keywords: Urbanization, Housing and infrastructure, Urban governance, Rural-to-urban migration, Sustainable development, Policy framework

1. Introduction

The aspect of urbanization is more and more seen as the contributor to national development, economic growth and social change. Over half of the world lives in urban centers, and cities are the centers of innovation, economic productivity and cultural exchange.

In the year 2025, two-thirds of the global population will reside in cities and 95 percent of the urbanization shall be in the low- and middle-income nations (EC, 2013). Cities offer a pool of labour, capital, and infrastructures that allow economic agglomeration to make productivity and produce more income. Cities also have more educational and medical facilities and other state services, so people can enhance their socio-economic condition and general well-being.

The urbanization process in Ethiopia is taking place on a very low historical level. The percentage of the population living in urban areas in 2017 was only 20.4 percent in comparison to 17.3 percent in 2012 (CSA, 2017). Although urbanization presents a chance to develop industries, create employment, and better the delivery of the service to the people, unplanned growth becomes a major threat. Uncontrolled rapid urban growth may lead to congestion, slums, poor housing, poor environment, and stretched infrastructure. The dynamics of urbanization and the realization of coordinated policies are therefore important in ensuring that Ethiopia can use urban growth as an instrument of national development.

2. Statement of the Problem

Ethiopia is growing at an alarming rate in the urban population which has one of the lowest urbanization bases in Sub-Saharan Africa. The urban population is expected to be three-fold in the next 20 years and the rural-urban migration and natural population growth are the

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predominant reasons.

Although urbanization has brought a number of prospects in terms of economic development, social development, and better access to services, Ethiopian cities are affected by various issues. Origins of housing crises are prevalent, where 70-80 percent of urban dwellers are residing in slum-like and at the lowest quality. There is poor infrastructure, water supply, sanitation, roads, solid waste management, and the formal job creation is insufficient to accommodate the increasing number of labor force.

The municipal governance is mostly weak, and its fiscal capacity is low, the agencies lack proper coordination, and the municipalities lack proper planning mechanisms. Despite the existence of policy frameworks like the National Urban Development Policy (NUDP) and the Growth and Transformation Plan II (GTP II), the areas of implementation fail to help the nation utilize urbanization as a development measure. The main issue here is that the growth of cities outpaced institutional strength, and unless it is resolved, it can serve as a constraint on the role of cities in economic development and societal welfare of Ethiopia.

3. Objectives of the Study

The overall aim of the research is to look at the ways in which planned and coordinated urbanization may play a role in national development of Ethiopia. The specific objectives are:

1. To examine patterns and processes of urbanization in Ethiopia.
2. To determine issues and deficiencies in housing, infrastructure, workforce and city governance.
3. To evaluate the institutions and policies that control the development of the urban area.
4. To recommend measures to be taken towards planned urban planning, connectivity and financing to use urbanization as an economic growth and social development factor.

4. Literature Review

4.1 Global Perspectives on Urbanization and Development

Urbanization is a complex phenomenon, which entails demographic and functional change. Urbanization is demographically defined as the growing percentage of the population living in cities and towns; this may be in terms of population, population density, and population growth rate. Its functionality entails concentration of productive activities including industry, commerce and services (Oluwasola, 2007) ^[7]. Urbanization entails social, economic and technological transformations that modify human settlement and work patterns and everyday living.

There is empirical evidence that urbanization is capable of stimulating economic development through agglomeration economies, labor productivity, and greater incomes. City offers a chance to innovate and share knowledge and deliver efficient services. In many cases, people have better access to healthcare, education and access to governmental services in the cities than in the countryside, which helps people to attain upward social-economic mobility (Potts, 2012a; Potts, 2012b) ^[6]. Nonetheless, urbanization may have bad consequences in case the growth is haphazard. The issues that are typical of the rapidly urbanizing nations include congestion, pollution, sprawl, and informal settlements. These problems are exacerbated by inefficient land

utilization, poor infrastructure and poor governance, and there is a need to have a coordinated urban planning and strong institutions (World Bank & IMF, 2013).

4.2 Urban Coordination and Institutional Frameworks

Urban development coordination can be defined as the coordination of activities between various stakeholders in order to attain common development goals. Integration focuses on integrated decision making systems so as to have an effective distribution of resources and generalized results. The experience of developing nations also supports the significance of an institutional system which facilitates coordination, accountability, and participative planning (UN-Habitat, 2015). Good institutions are those that are able to reduce the drawbacks of unplanned urbanization and maximize the advantages of concentrated economic activities.

4.3 Urbanization in Developing Countries

Ethiopia can learn a lot of the Sub-Saharan African countries. The cities have transformed into sources of development and at the same time, they experience extreme predicaments such as slums, lack of services, and financial limitations. The strategies to successful urbanisation include integrated land-use planning, municipal capacity building, fiscal decentralisation and development of job creation through the private sector. Nations which have invested in integrated urban governance have shown positive socio-economic results, quality infrastructure, and are able to sustain urban environment in a more sustainable manner.

5. Methodology

The research design used in this study entails a qualitative and descriptive study design that will be based on secondary sources of data to help in the analysis of urbanisation trends, policies, and institutional structures in Ethiopia. Government publications, policy documents, and Central Statistical Agency (CSA) statistical reports and Ethiopian Urbanisation Review (2016), the Ministry of Finance and Economic Development (MoFED), the World Bank, IMF, and UN-Habitat international literature will be considered critical sources. The synthesis of the data was carried out in order to determine the trends, problems and gaps in policies of urban development in Ethiopia. The discussion centres around the connexion between urban growth and national development and the opportunities created, challenges and policy implications of effective urban management. The present research involved the application of AI-based technologies (in this case ChatGPT 5 MINI), which was opened on November 10, 2025 to help with the initial summarization of literature and language editing. The author has critically analysed the content created by the AI, edited its content and checked it to make sure it has been correct, original and aligns with academic requirements. The author alone has the responsibility of all interpretations, analysis and conclusions that are made in this paper.

6. Trends of Urbanisation in Ethiopia

Ethiopia is among the poorest urbanised African states, and its urban population in 2017 stands at 20.4 percent (CSA, 2017), which is a lot lower than the Sub-Saharan average of 37 percent. The cause of population increase in urbanisation is rural to urban migration, natural increase in population and economic prospects in urban areas. It is estimated that

the urban population will reach an approximate of 42 million people by the year 2037 and this will be a threefold increase. The expected outcomes of urbanisation are increased industrialization, economic diversification, and easy generation of employment, which will help in achieving the ambition of Ethiopia to reach middle-income levels (GTP II).

The process of urbanisation in Ethiopia is characterised by both the demographic and functional change. The cities are shifting their focus off the agrarian centric city to industrial and service based economic activity. The urbanisation however has been too fast to give the municipalities the capacity to house, offer proper infrastructure and job opportunities to the people. Consequently, the city dwellers are faced with congestion, poor delivery of services and poor economic prospects which when not properly addressed may derail the development goals of the countries.

7. Ethiopia Urbanization issues.

7.1 Housing Shortages

One of the most urgent cities problems is housing deficits. About 70-80 percent of the urban dwellers occupy poor quality housing which is not durable, has no sufficient space, water, sanitation, and tenure security. Living standards are extremely low since most houses are built with the use of mud and wood, and the floors are made of earthen material. The housing shortage is also worsened by low incomes, inadequate supply of land and high construction prices especially to low and middle-income earners.

7.2 Gaps in Infrastructure and Service

The city infrastructure is poor to cater to the present and future demand. The only sewerage system is found in Addis Ababa and it only serves 10 percent of the population. The solid waste management usually occurs in an informal and ineffective manner, roads are inadequate, and energy and transport are inaccessible. Poor infrastructure hinders the pace of economic operations, reduces the quality of life, and creates a threat to the health of the population.

7.3 Employment and Economic Opportunities

The creation of jobs has not been able to keep up with the population increase in the urban areas. In the country, urban unemployment stands at 15 percent of the number of households with 23.5 percent in Addis Ababa. Cities are dominated by small and informal enterprises and few firms of middle size that may provide large-scale jobs. The lack of employment opportunities in relation to labour provision is an essential obstacle to inclusive urbanisation.

7.4 Institutional and Governance Problems

The issues of urbanisation are compounded by weak municipal governance, limited fiscal capacity, and lack of coordination of the stakeholders. Administrative inefficiencies, lack of proper planning and integration frameworks do prevent the implementation of such policies as the NUDP and GTP II. The funding ability and the lack of local government independence serves as a further limitation to the efficiency of urban management.

8. Opportunities and Policy Responses

Urbanization is very advantageous when well handled. The organised and planned urban development can catalyze the

industrialization, generate jobs, improve service accessibility, and social mobility. The policy interventions should be aimed at:

1. **Integrated Planning:** This is creation of an overall land-use plans and infrastructure planning to provide a coordinated growth in urban areas and avoids congestion and informal settlement.
2. **Connectivity:** Intra and intercity connectivity to facilitate economic integration by enhancing labor, goods and services markets.
3. **Financing:** Harnessing local revenues, using land value capture and creating partnerships between the government and the business to finance infrastructure and services.
4. **Reform in Land Management:** This is to streamline the administrative processes, encourage land allocation, and ensure that people own land besides being able to afford houses.
5. **Empowering Local Governments:** Enhancing institutional capacity, governance frameworks, and fiscal autonomy in an effort to enhance service delivery.
6. **Development of the Private Sector:** Helping to develop middle-sized companies to create long-term jobs and economic diversification.

9. Discussion

Urbanization in Ethiopia offers opportunities and threats at the same time. Cities are drivers of economic growth, social development, and they are also the drivers of infrastructure, service delivery, social well-being, but the rate of growth and its lack of coordination poses threats to infrastructure, service delivery, and social well-being. Policy frameworks have a basis on which the growth of the urban areas can be managed however it has certain shortcomings on implementation, capacity of cities and also finance that limit its success. Some comparative evidence in other developing nations underscores the need to plan institutionally, and encourage development of the urbanization potential of the urban development through promotion of the private sector. By balancing the housing shortages, lack of infrastructure and employment gap using interventions that are organised and coordinated, it is important to ensure that urbanisation can make positive contribution to the national development.

10. Policy Implications

To exploit urbanization, Ethiopia ought to go multi-dimensional with planning, connectivity, and financing. The focus must be on land-use planning and the infrastructure investment, and the municipal authorities should have the power to oversee the revenues and provide the efficient delivery of services. The development of the mid-sized enterprises by the private sector should be encouraged in order to create jobs and economic growth. Sustainable urban development requires coordination of urban stakeholders; evidence based policymaking and strategic investments. Smooth and inclusive urbanization will also be enhanced with land management reforms improvements of municipal capacity and regulatory improvements.

11. Conclusion

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