Urban Leadership and Governance Practices and Challenges in the Regional State of Tigray

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Abstract

The study aimed at exploring the current leadership and governance practices in urban centers of Tigray at different government levels and identifying areas for intervention. The study used key informant interview and focus group discussion to collect primary data. The research participants were drawn from federal and regional government authorities and standing committees of city councils. The study revealed that while cities in the region are showing unprecedented growth, they are not being led by qualified urban professionals. Furthermore, the frequent change of leadership, reform tools and organization of the cities is creating instability in the overall running of city matters. The study also indicated lack of real political commitment and loyalty to public cause at all levels is hampering exercise of good governance in the urban centers. Despite some improvements in monitoring and oversight, the city councils do not fully exercise the powers entrusted to them in the regional constitution especially in terms of holding the executive accountable. Upward accountability is widely assumed by the legislature and the executive. Moreover, the executive does not usually take the feedback given by the councils seriously. Regardless of some improvements, the formal courts are still perceived as sources of dissatisfaction and grievance by the public. The study also found out that there is a wide range of rent seeking attitude and practice in the cities in the area of land provision and administration. The study, therefore, identified relevant research themes and projects and key areas of intervention that it planned to realize.

Key Words: Governance, leadership, urban, accountability, autonomy

1. Introduction

As UN-Habitat (2014) indicated at present more than half of the world’s population lives in cities, and it is forecasted that 70 per cent will be living in urban areas by 2050. It further asserted that urban settlements are growing and will continue to grow whether this is planned or unplanned. The way the cities progress, stagnate or become dysfunctional depends on the extent to which their change is planned, coordinated and well-managed. These factors, in turn, depend on the skills, money and political will being available and used in the best possible way to improve the lives of residents.

Several researches like Freire (2006) and Harkness and Katz (2016) pointed out that cities provide many opportunities to foster sustainable development, but also pose a number of challenges for equality with different levels of access to political representation and power, economic opportunities, basic services or security. Harkness and Katz (2016) further underlined that these situations often degenerate into conflict as the rule of law and management systems are unable to cope with the increasing inequality gap.
World Bank Group (2015) argues that population growth in urban centers presents a huge opportunity where countries can shift the structure and location of economic activity from rural agriculture to the larger and more diversified urban industrial and service sectors. But the report underlines that urbanization needs proactive management if it is to exploit the opportunities. If well managed, urbanization could be an important catalyst to promote economic growth, create jobs, and connect citizens to prosperity. The report however emphasized that, if not managed proactively, rapid urbanization may pose a demographic challenge as cities struggle to provide jobs, infrastructure and services, and housing.

Unlike in many other parts of the world, urbanization in most of Africa has generally not been accompanied by a commensurate increase in formal employment, leading to growing urban poverty and increased urban vulnerability (Smit, 2018). The capacity of government bodies to plan for and manage urban growth in Africa is also relatively weak (Myers, 2011 cited in Smit, 2018). Smit (2018) further noted that the rapid urbanization and inadequate capacity for managing cities leads to the rise of inequality, the increasing prevalence of informality, and increased health risks. In connection to this, Meheret (1999) stressed that cities with such a rapid urbanization will unlikely satisfy demands for increased services given the economic difficulties that many developing countries are facing. In such a situation, it is fairly easy to predict some alarming consequences of this irreversible process of unprecedented urbanization. As Meheret (1999) noted, most cities will be confronted with enormous challenges, including mass poverty, unemployment and environmental degeneration. In addition, most cities will be left with inadequate financial and political power to provide social and economic services for their residents, such as education, health, housing and urban transport. The situation of Ethiopian cities is not an exception in this regard. Ethiopia is the least urbanized country in the world. However, today, Ethiopia’s urban population growth is among the highest in the world (3.6%) according to UN-Habitat (2016). This is accompanied by increasing poverty, a high unemployment rate, low governance capacities, weak infrastructure and poor municipal finance in cities.

As Harkness and Katz (2016) argue, the accelerated pace of urbanization call for new governance framework to face new urban forms, improve cities management particularly in developing countries, and enhance urban-rural collaboration. In line with this, UN-Habitat (2014) also pointed
out that ‘governments in many countries have taken the initiative and have developed policies to coordinate and manage the process of urbanization in their respective countries.’ (p. III)

In its development endeavors, the government of Ethiopia has been considering leadership capacity building and governance as instruments of development to be used and as an end to be achieved. Realizing the importance of urban governance, the Ethiopian Government has accorded it due attention and this is reflected in its three consecutive growth and development plans (PASDEP, GTPI and GTPII). More specific to the urban sector, the Government has developed an urban development strategy which is based on four major pillars: Support for MSEs and job creation, integrated housing development, improved access to land infrastructure and services, and promoting urban-rural and urban-urban linkages. Cutting across the four pillars is an on-going program of strengthening urban governance (World Bank Group, 2015).

As indicated in World Bank Group (2015), the government has also developed and implemented two key packages, namely: Urban Development Package and Urban Good Governance Package based on the national urban development policy. The Urban Development Package was designed to have five pillars with the intention to achieve the following objectives:

(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 development, youth development, and others.

The Urban Good Governance Package consists of institutional development, systems reforms and capacity-building measures to promote the implementation of good urban governance practices in urban centers and facilitate accelerated and sustained urban development. The package has seven sub-programs:

(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-programs, 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.

Both packages have been in implementation for more than ten years. However, the success rate has been found to be far from the desired level across the country. Despite the attention given in the policies and strategies of the country, there are indications that governance seems worsened because of the limitations of leadership, particularly at the grassroots level. According to the World Bank Group (2015) though significant progress has been made, gaps such as unemployment, infrastructure and services, and housing are identified in urban centers requiring further interventions. The document further opined that the reasons underlying the three big gaps are deficiencies in at least three urban institutions: land management, governance, and municipal finance. For instance, regarding the land management deficiency faced by Ethiopian urban centers, the World Bank Group (2015) indicated that land management practices, intended to maximize social welfare, indirectly and unintentionally contribute to the problems that cities face in providing sufficient serviced land for people, firms, and public uses and services. Urban land value is unrealistically high, and most auctioned lands are taken by relatively rich dwellers and the middle income groups and the urban poor are increasingly finding it difficult to get a plot of land to build their homes. Thus, contradicting with the pro-poor policy of the government. These issues clearly indicate that there is a gap that is inhibiting the federal and regional government organs from effectively implementing their urban policies and strategies and show significant progress. The current study is, therefore, initiated with the following general and specific objectives.
2. Objectives of the Study

2.1. General objective

To explore the current leadership and governance practices and challenges in the urban centers of Tigray.

2.2. Specific objectives

The study attempted to address the following specific objectives:

- To examine the leadership capacity of the executives and councilors in urban centers of the region;
- To investigate the leadership challenges faced by urban centers in the region;
- To assess the separation of power and relationship among government branches specifically the executive and the legislative body;
- To explore the current governance practices and challenges in the urban centers;

3. Scope of the Study

This research adopted the cross-sectional survey. Meaning the survey was carried out at one point in time specifically in the year 2017. The survey attempted to assess the prevailing urban leadership and governance issues mainly in the regional state of Tigray.

4. Literature Review

As Samson & Tiwari (2012) argue contemporary trends of urbanization in developing countries have showed a distinctive picture compared to the earlier trajectory in developed countries. According to them, industrialization and economic growth are almost always complemented by urbanization. However, urbanization in developing countries, as opposed to that of developed countries, is not concurring with industrialization. This emerging pattern of rapid rate of urbanization without economic development will engender ‘urbanization of poverty’.
Harkness and Katz (2016) argue that cities and their surroundings require new urban governance based on open-decision-making, with the active participation of local stakeholders and with the aim of defining the best policies for the common good. In terms of political process, its implementation should combine representative democracy, based on the regular election of local authorities, and participatory democracy, ensuring the involvement of all at the local level. This requires an effective system of multi-level governance, with well-defined spheres of government based on appropriate decentralization policies that aim to construct a balanced and collaborative system of well-managed cities and improved urban-rural linkages so that no city or territory is left behind.

4.1. Urban Governance and Leadership

Despite the large body of literature related to it, the meaning of urban governance remains vague (Obeng-Odoom, 2012). It is, however, necessary to have a working definition of the term, in order to assess the current state of urban management in the study area. According to Avis (2016), urban governance refers to how government (local, regional and national) and stakeholders decide how to plan, finance and manage urban areas. It involves a continuous process of negotiation and contestation over the allocation of social and material resources and political power. As the United Nations Department of Economic and Social Affairs (2012) argues, in contemporary discourse, urban governance does not mean control and dominance. Quite the contrary, it describes the various platforms for dialogue and decision making, as well as processes for implementation. On the one hand, cities fight for autonomy and resources, on the other they turn to their citizen for priorities and support. Some of the bottlenecks are transparency, participation and limitations of cities’ mandates, of their power space.

From an institutional perspective, as noted by Meheret (1999), ‘the term urban governance embraces all the organizations involved in providing services to the urban community. In other words, it does not exclusively refer to the local government authority alone, however central its role may be.’ (p. 15)

In line with this, Obeng-Odoom (2012) noted that the management of cities is not the sole preserve of government, but is the preserve of a wide variety of actors that interact with one another to govern cities. He further stressed that urban governance refers to partnership in urban development
between urban local governments and other stakeholders adding that advocates of urban governance do not presume that urban actors do have equal power or that the amount of power each actor wields is unchanging.

Finally, as argued by Obeng-Odoom (2012), no matter how urban governance is understood ‘the important question is whether urban citizens benefit from a good society and economy, typified by sustainable jobs, effective transport, affordable housing, egalitarian land administration, and the provision of high-quality municipal services.’(p. 209)

The term leadership has been defined in several ways. For instance, Northhouse (2013 as cited in Onolememen, 2015), defined leadership as a process whereby an individual influences a group of individuals to achieve a common goal. Many of the definitions seem to agree that leadership is an influence process exercised by the leader to bring about the attainment of certain objectives. In line with this, Omoregbe, Kehinde, Imhonopi and Evbuoma (2016) opine that ‘leadership is very critical to providing better governance; it advances societal development, as it is a process of influencing the activities of an organized or structured group towards the setting and attainment of goals. Consequently, underscoring the issue of effective leadership in modern societies is the manner in which politics is played as well as what the people who seek power use it for that eventually shapes the outcomes of governance and development in that nation.’ (pp. 38-39) Hence, it can be said that the concepts of governance and leadership are intertwined.

5. Research Methods

The study employed a cross sectional survey using qualitative methods. A study that involves a detailed investigation of complex interactions and relationships among wide variety of factors and phenomena should preferably use case study research design (Yin, 2003). This study, therefore, employed the multiple case study approach as a principal method in order to examine the interactions and relationships among service providers, service users and local administrators in charge of leadership and governance. Case study design has its own limitation that the purpose is generally particularization, not generalization. A single case study may not provide the basis for generalization nor invalidation of existing generalizations. To minimize such limitations, however, the research team tried to use multiple sources of data and instruments to avoid fallacy of hasty generalizations (Yin, 1984, p. 23; Saez, 2012, p. 8).
5.1. Target Population and Selection of Respondents

The Ministry of Urban Development and Housing was purposively selected to participate in the study because of its relevance to the urban leadership and governance study. At region level the Bureau of Trade, Industry and Urban Development and the regional council were the targets of the study. At local levels, three urban municipal administrations at different levels were purposively selected (Mekelle, Axum, and Sheraro) to represent regional cities, zonal towns and woreda towns.

5.2. Data Collection Instruments

Two major instruments were applied to gather pertinent and relevant primary data: In-depth interview and Focused group discussion (FGD). Unstructured interview guide was employed to collect data by the research team members. Accordingly, in-depth interviews were conducted with the Deputy Head of the Bureau of Trade, Industry, and Urban Development and also with a relevant director in the Ministry of Housing and Urban Development which took more than two hours each. A series of three FDGs were also conducted with the standing committee chairpersons and speakers and deputy speakers of the three urban centres. In Mekelle city 15, in Axum 8 and in Sheraro 8 councillors participated in the FDGs. The research team purposively selected this combination because, it was believed, as the ultimate body in leadership and governance, the council had detail information on the performance of sectors and receives complaints raised by the public.

Data collection from secondary sources such as policies, plans and performance reports and empirical literature was completed before the field work.

5.3. Data Analysis

There were at least three researchers in each interview and FDG and each took their own notes during the process. The data obtained from different sources through note taking was then transcribed, classified into thematic areas, integrated and discussed. A detailed narration from different perspectives was made by the researchers based on the thematic areas.
6. Results and Discussion

This part deals with analysis and interpretation of the data collected relating to urban leadership and governance practices and challenges. Discussion of this section is broadly classified into two categories, namely: urban leadership and urban governance.

6.1. Urban Leadership

Urbanization is a recent phenomenon in Ethiopia. Historically urban centers in the country were not given the necessary attention. It is only recently (after 2003) that they received relative attention. The cities and towns are given authority to lead their own affairs; decentralized system of governance has been put in place. However, these local authorities do not have sufficient resources which will enable them carry out their responsibilities. Federal and regional urban proclamations are not being enforced effectively. This is largely caused by the fact that the cities are not lead by properly trained urban professionals. Right professionals are not usually placed in the right places. In some instances even those professionals trained by the ministry (MUDH), and sent to the regional states are placed by the regions into other sectors, which is tantamount to misuse of human resources. In short, urban centers are not being led by professionals capable of carrying out their duties and responsibilities effectively. Merit-based placement is not accorded the necessary focus. It is indicated that in most cases assignment of urban managers is made based on the person’s political affiliation rather than merit. As a result, it is mostly observed that people with urban management training are not assigned to lead urban centers. This clearly shows that, during placement decisions, profession of the incumbent is given little or no consideration. It was therefore underlined that the government should clearly spell out those positions which should be filled on a merit basis or those which should be appointed by a political decision. Otherwise, it will be open for abuse by corrupt officials.

It is also widely mentioned that there is a serious leadership problem in the cities and towns of the region. Urban leaders have serious capacity limitations. They lack the proper experience and exposure to modern urban management practices. Of course, a significant number of them might have got some kind of training and education. However, having training alone cannot help them lead urban centers effectively. They must be exposed to the practical matters related with management of modern cities. It was further noted that most leaders are devoid of urban leadership
skills and capabilities and there is generally lack of strategic leadership. Most urban leaders give much of their time to routine day-to-day matters giving little attention to more strategic urban issues. There is also a high rate of turnover on the part of employees and leaders making the leadership problem in the cities worse. Leadership gap is the central problem hindering urban transformation in the region.

City council members have also felt that the capacity of urban leaders doesn’t match with the pace of development of the cities. Urban leaders lack continuous engagement and commitment in solving problems raised by the public, scientific planning system, capacity and attitude to administer city, and are used to preparation of false reports. Moreover, it was stated that most leaders are corrupt, involved in rent seeking practices, and nepotism. They also shy away from undertaking genuine evaluation and criticism among themselves unlike the one they used to have during the armed struggle. With regard to planning, many participants felt that urban leaders are good at planning but they miserably fail at implementing the plans.

6.2. Urban Governance

A number of governance problems in the region in general and in urban centers in particular were indicated. The key governance problem indicated is lack of real political commitment and loyalty to public cause at all levels hampering the exercise of good governance in cities. Most leaders are primarily concerned about serving their personal interest using the position entrusted to them. The other problems mentioned in urban governance include the rent seeking practices that are widely seen in association with urban land administration; poor level of service delivery; levying of unfair profit and other forms of taxes; problems related with city sanitation and beautification; frequent blackout of electric power; inadequate supply of potable water; the wide ranging problems associated with social courts. Moreover, the high rate of turnover that is seen in medical doctors, lab technicians, and other technical staff is one of the factors creating problems in the service delivery of hospitals and health stations especially in smaller and remote towns.

6.3. Organizational Structure

The other problem identified as cause of bad governance was the organizational structure of the Bureau of Trade, Industry, and Urban Development. It was mentioned that the bureau has become excessively large as it has seven different institutions under its jurisdiction which makes its
management complex and difficult. Besides, a lot of problems have surfaced since the implementation of the Business Process Reengineering (BPR) which was largely misguided.

Furthermore, the way city administrations are organized in the region was identified as additional structural problem. For instance, there is a highly fragmented organization of municipalities which is costing the cities a lot. Currently, the cities are trying to bring integration among the different actors through establishing a command post as a short-term solution. However, efforts are underway to introduce a new way of organization as a long-term solution.

The other problem highlighted was the frequent change of leadership, reform tools and organization of the cities. Urban leaders are frequently displaced from their leadership position. A number of reform tools such as performance-oriented management system, business process reengineering, balanced score card, and Kaizen were introduced one after the other without proper evaluation of the previous tool. Frequent reorganization of city structures was also prevalent. These frequent changes create instability in the overall running of city matters.

In addition to having highly qualified and committed human resources, government offices need to introduce state of the art technologies so as to ensure efficient and fast service delivery. However, this could not be realized due to limited resources. As a result, poor service delivery has been one source of dissatisfaction in the cities.

**6.4. Popular Participation**

It was indicated that urban dwellers participate in the development of city infrastructure. For instance, the urban dwellers contribute about 60 million Birr every year for infrastructure development in Tigray.

Different discussion forums are also created periodically where the public can air their complaints and share their concerns on various urban issues; and they usually present their grievances openly.

Participation of all city dwellers in general, and mass associations (Youth, Women, etc.) in particular at city level is good but at Tabia level the participation is weak. It was however mentioned that the freedom of mass associations is severely limited. The ruling party has a heavy hand in the election of the associations’ leaders and their day-to-day operations. Even their
operational budgets are largely allocated by the party. As a result, their freedom is highly restricted and do not usually represent their members’ interest.

As another indicator of participation, allocation of budget to projects is made based on the interest of the Tabia residents and projects that are not accepted by the residents will not be implemented. The residents are also invited to participate during budget preparation. However, since the participants usually do not have the knowledge and capacity to challenge the budget proposed by the executive, it is approved without so much improvement. Furthermore, approved budgets are publicly posted on notice boards and sometimes brochures are prepared and distributed to the public.

6.5. Urban Councils

Previously, there was role confusion between the legislative and the executive bodies. For instance, the councils used to complain that the executive body has been interfering with their affairs. Conversely, the council members themselves were interfering with the affairs of the executive body due to the fact that they all belong to the ruling party. However, since the councilors have been given trainings periodically, the capacity of the councils has shown visible improvements especially in monitoring and evaluation. But it is admitted that a lot remains to be done in terms of holding government officials accountable for their wrong doings.

However, the participants felt that capacity is not the key problem of the city level councilors. Though they would need to continually build their capacity, the determinant factor is whether the leaders have the commitment and loyalty to serve public interest. It was underlined that if one has real commitment, capacity can be developed easily. In addition, they emphasized that nomination of urban councilors is made with great care. The ruling party makes every attempt to nominate councilors who have the necessary capacity and commitment. This is due to the fact that urban issues are given high attention. There is however a serious capacity problem at the Tabia council level. The practice of assigning people with negative track record still continues at the Tabia level.

Currently the councils are in a relatively better shape in terms of human and financial resources. For instance, the Speaker, the Deputy Speaker, and chairpersons of three standing committees are assigned on a full-time basis. These include Economic Affairs, Social Affairs and Budget and Audit standing committees. Other support staff are also hired based on the approved organizational
structure. Hence, it was pointed out that there is no problem in this regard. It was also indicated that relatively adequate budget is allocated that enables them run their operations. But at the Tabia level the assigned human resource is not adequate. Only the Tabia manager is assigned as a full-time employee. The Tabia chairperson and other members in the Tabia administration work on a part-time basis voluntarily. This is creating serious problems especially in cities and towns. Hence, it is believed that it needs reconsideration since the situation in the urban areas is not the same as that of the rural areas.

There are some problems with regard to autonomy of council leaders at different levels. For example, the appointment of the speaker and deputy speaker of the council is made by the executive and/or the ruling party and their performance evaluation is made by the Wereda joint committee (the executive and party level) which makes the independence of the councilors questionable. It was also underlined that the councils do not fully exercise the powers entrusted to them in the regional constitution. For example, in Mekelle, councilors usually meet with their constituencies and collect grievances. But other than suggesting solutions to the executive body, they do not exercise their real power. When the executive fails to take action, the councilors do not in many cases make them accountable. As a result, the residents lose trust on the councilors. Moreover, while the regional constitution stipulates that the councilors are accountable to the public, their conscience, and the constitution, in practice they presume that their accountability is to the executive. Besides, the executive body is not usually ready to take the suggestions given by the council into account and take appropriate measures.

6.6. Separation of Power among Government Branches

Separation of power refers to the division of government responsibilities into distinct branches to limit any one branch from exercising the core functions of another. According to the constitution of the FDRE, the federal government has three branches, namely: the legislative, the executive and the judiciary. The regional constitution also divides the regional government into the same three branches. The finding below presents the power relationship between the legislative and the executive only.

Few years back the executive used to consider the council as fault finder and were not taking it seriously. In the early days, the council was not given the attention it deserves. The little attention
given to it was reflected in terms of the limited budget and human resources that used to be allocated. There was also a tendency of not accepting the council as a legitimate body by some members of the executive. An incidence was mentioned where the deputy mayor of one town once openly defied their existence by asking them who they think they are and that they should mind their business. In addition, there was role confusion between the two branches. For example, the councilors used to spend most of their time doing the work of the executive branch. There were times when the council was not doing its rightful task. Its members were compelled to engage entirely in party activities such as leading party basic organizations, distributing party magazines to members, and the like. Through time however things are changing for the better. Many members of the executive have started taking the councilors as their partners and supporters. They now understand that they are accountable to the council and are in most cases willing to accept and implement directions provided by the council. Various efforts have also been exerted to clearly separate the power of the two government branches. Today, we can generally say that there is a good working relationship. This however does not mean that there are no problems at all. Though some councils have gone to the extent of holding urban leaders accountable (including firing of the Mayor), a lot remains to be done in this regard. It is however widely believed that the council is now in the right track in terms of holding city officials accountable for their actions. The council has also been enhancing its oversight capacity from time to time. The improvements explained here refer to the city level council-executive relationship. However, this problem still continues at the Tabia level.

Taking Sheraro town as a case, the council’s problems were significantly solved and things are improving from time to time through continued struggle. The councilors indicated that this part of the region has a very rich experience in council matters since it started exercising it during the armed struggle. This helped the council to strongly advance its interest and improve its working relationship with the executive. Gradually, it has now become stronger in terms of having the necessary human and financial resources, and exercising their power and influence. Though there are still some problems, there is good relationship between the council and the executive body. Their relationship is based on principled engagement. As a council, they periodically organize a hearing to evaluate the performance of all sectors. Based on the hearing, they provide negative or positive feedback to them and based on that they expect them to consider their feedback and take appropriate measures. Members of the executive do their best to address concerns raised by the
council. The officials who fail to comply with the directions given by the council are held accountable. But the councils at Kebelle level are still in relatively weaker position as compared with the town level council though there is improvement from time to time.

6.7. Accountability

Since they are appointed based on the interest and will of the ruling party, it logically follows that the urban leaders will consider their accountability to be upward rather than to the dwellers. It is believed that this is the existing reality on the ground.

Though the city councils in the region have improved their follow-up and oversight capacities through time, the issue of holding government officials accountable for their wrongdoings has not yet been fully achieved. It is not common to hold accountable government officials who committed some offences.

6.8. Justice

The justice system has been identified by both the federal and regional governments as one of the sectors causing bad governance. The problems in the justice system are seen in terms of unnecessary delay in court verdicts, bribery, nepotism, passing unfair decisions, and so on. These problems are even worse on women.

It was indicated that some judges do not carry out their duty with benevolence. Others even pass verdicts on matters that are outside their jurisdiction (e.g. land administration issues). Prosecutors as well do not carry out their duties and responsibilities as to the expectation of the government which they are supposed to represent. Furthermore, the lack of integration among the courts, prosecutors, and the police was indicated as a serious problem in the region’s justice system.

In some instances, it was mentioned that social courts are creating problems. For example, they sometimes handle cases which are beyond their mandate such as land issues. The social courts are not equipped with necessary manpower and other resources. In addition, the incentive they get is so small that they are not motivated to serve on the social courts thus creating delay in service provision. In other instances, it was mentioned that social courts are showing better performance than the formal courts (e.g. Sheraro). Though they admitted that there are some improvements,
they underlined that the formal courts are still perceived as sources of dissatisfaction and grievance on the part of the public.

6.9. Urban Economy

6.9.1. Investment

Coming to the investment climate in the region, it was found out that the regional government has created an attractive policy. For example, the tax exemption made on the import of construction materials, capital goods, and vehicles were mentioned. It was also indicated that raw material supply is not a major problem in the region. The same is also true with the availability of access to market. The major problem observed in this area is the low level of productivity that is being experienced in the manufacturing sector. It was also indicated the inadequate supply of service infrastructures in the region as factors inhibiting investment. One of the problems is the acute shortage of water supply observed in many cities of the regional state. The second problem identified is the inability to supply serviced land. The displacement of farmers and the absence of necessary infrastructure were considered in this respect. The third problem encountered is the unavailability of standard hotels in many of the towns which obstructs the flow of investors and high skilled professionals into the region.

Finally, the problems related with financing of projects were mentioned. Specifically, it was indicated that the red-tape to get loans from the Development Bank of Ethiopia is long and time consuming discouraging investment. The criteria set by the bank and other relevant government bodies create difficulties to most of the investors especially those who would like to be engaged in agricultural investment. For instance, the size of land given is limited to 50-100 hectares; and an upper limit of loan is also set by the bank regardless of the investor’s business plan.

6.9.2. Urban Finance

Many cities indicated that they do have shortage of budget to run their operations. This is partly due to their inability to collect funds from different sources. The cities’ tax base is also limited. Besides, the cities are not in a position to clearly identify the different tax payers in their respective administrations. On the other hand, some city administrations are not able to effectively utilize the budget allocated to them.
The major problem mentioned in relation to financing was that while Proclamation No. 57/1996 (Article 59)\(^8\) allows cities to borrow money from internal sources, this is not yet implemented with the exception of Addis Ababa\(^9\). This effectively limited the capacity of cities to finance their projects. Finally, it is indicated that urban centers are not benefiting from the finances they generate proportionately.

### 6.9.3. Urban Infrastructure

The most common problem raised by almost all cities is the frequent electric interruption being experienced. The other most chronic problem is shortage of clean potable water coupled with the inefficient and ineffective administration of water distribution. In addition, problems such as drainage and sewerage, liquid and solid waste disposal especially in condominium sites, lack of quality infrastructure (e.g. Cobblestone roads), poor sanitation and greenery, lack of modern abattoir, lack of well-equipped fire brigade, lack of effective utilization of resources of the city administration, delay on the preparation and implementation of structural plan, lack of responsiveness for public agendas with regard to infrastructure, unbalanced distribution of health centers and pharmacies, weak city transport management (determination of taxi routes, fees and service delivery) and environmental pollution by private sector (PEPSI Cola) were mentioned. More specifically, frequent power blackout and shortage of water supply were identified as factors negatively affecting flow of investment to the region.

The lack of integration among the different infrastructural institutions such as electricity, water supply, telecommunication, and road network was also singled out as a serious problem of cities resulting in wastage of public funds.

### 6.9.4. Urban Poverty and Unemployment

The number of people living under the poverty line in the region is still high. The recurring inflation especially on basic necessities in urban centers is also affecting the living standard of the low income residents. Though the government has formulated youth and women development packages several years back, it is not being implemented as expected. As a result, unemployment

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\(^8\) Federal Government of Ethiopia Financial Administration Proclamation No. 57/1996  
\(^9\) Addis Ababa City Government Revised Charter Proclamation No.361/2003
in cities is increasing at an alarming rate which is creating frustration on the part of the urban youth. In addition, the absence of recreational centers and sport fields in the cities is also another serious setback. To make it worse, the expansion of chat and drug houses and bars is increasing from time to time and the youth is becoming vulnerable to addiction, abortion, and diseases such as HIV/AIDS.

The development and expansion of MSEs is set as a priority strategy in urban centers to tackle the problem of unemployment and poverty. However, the difficulties in implementation of the strategy over the years have hampered the urban youth and women alike from reaping the expected benefits. The factors that contributed to the poor implementation of the strategy include poor access to working premises, finance, market, infrastructure and basic utilities. On the other hand, the problem manifested on part of the beneficiaries themselves has aggravated the difficulty. For instance, the attitude of the youth on work has become a real obstacle. A significant number of the youth aspire to get reach through shortcut means rather than through exerting concerted effort to succeed in life.

6.9.5. Urban Land Administration and Rent Seeking

It was clearly pointed out that there is a wide range of rent seeking attitude and practice in the cities in the area of land provision and administration. This behavior is widely seen not only on public servants and officials but also on the part of the general public. The main reason for this unwelcome behavior is the way land is transferred to citizens. The lease proclamation indicates different mechanisms such as open bidding, negotiation, allocation, reward, and the like. These different mechanisms make the land provision process open for all kinds of abuse. As a result, in 2012 a new lease proclamation was amalgamated which amended the former proclamation. As per the new proclamation, land could only be transferred via open bidding and allocation. As a result, the rent seeking practices related with land distribution were significantly reduced. However, the new proclamation also brought about new sets of problems. For instance, it caused an excessive increase in the price of urban land. This price hike is also partly the result of limited supply of land in the main cities.

The lease proclamation is still undergoing another revision. This is because, under this law, land has become accessible only to the urban rich leaving aside the majority of urban dwellers. The
existing proclamation was promulgated primarily to curb rent seeking practices (or land grab). By taking this problem into account, the proclamation is supposed to be amended in such a way that land will mainly be transferred on an open bidding basis. It however allows land to be transferred based on allocation (assignment) for housing purposes. Further the draft proclamation includes a provision where the government will build residential houses and rent them to those dwellers who cannot afford to build their own houses.

It was also noted that currently the farmers do not have a positive attitude to urban expansion. This is because there is a wide perception that they do not get adequate compensation when they are displaced from their farm land for urban expansion purposes. The Government is aware of this problem and currently revision of the compensation law is underway to address the concern of the farmers.

6.9.6. Strategic Urban Planning and Management

It is pointed out that urban centers are facing lots of ups and downs in terms of strategic urban planning and management. However, through experiences gained over the last years, the federal ministry and the regional bureau have started some initiatives. For instance, at a federal level, a national cluster development document has been developed; where Tigray is taken as one cluster. According to this document, cities are supposed to grow as a cluster supporting each other. This is developed with the presumption that urban growth should not be guided based on competition. It is however warned that this approach does have its own limitations for it might lead to unhealthy competition and resentment among the regional states at federal level. It was further indicated that a sketch plan is prepared for rural towns and that rural housing program is also being launched. In line with this, it was suggested that rural Tabias surrounding cities must be integrated within their respective city administrations. Without affecting the existing authority and administrative autonomy of the Tabia administrations, they can be organized as part and parcel of the city so that development efforts are aligned and synergy is achieved.

Finally, it was pointed out that the regional government is following the policy of enhancing urbanization through creating as many urban centers as possible. One problem mentioned in the area of urban planning and management is the absence of a migration policy in the country as well as in the region; which could have been effectively used as a tool for managing urbanization.
7. Conclusions

Local governments below the regional level, despite their importance, have limited capacity and autonomy. Most urban leaders lack the capacity to lead the cities making them incompatible with the complex situations urban centers face in the region. The absence of experienced and professional urban leadership that appreciates the needs and problems of modern urban centers is a serious challenge. The leadership capacity problem is further exacerbated by the high turnover of leaders, frequent reorganization of city structures and frequent change of reform tools. This in turn created a state of instability in the city administrations. The study also revealed that urban leaders at all levels largely lack the commitment and loyalty to serve public interest which is considered as one of the factors hampering exercise of good governance. Furthermore, the urban leaders (including those elected by the people) assume that they are accountable to the upper level of government or the ruling party than to the people or electorate. This in turn leads to the problems of the people receiving little attention in the interest of upward accountability.

Despite the problems that were prevalent in the past, the relationship and separation of power between the executive and the legislative body has improved. The performance capacity of the councils is also showing visible improvements especially in monitoring and evaluation. But it is to be noted that much remains to be done on the part of the councils in terms of holding government officials accountable for their wrong doings. Moreover, the executive body usually shows reluctance to take the feedback given by the councilors seriously. Notwithstanding the improvements made so far, the formal courts are still perceived as sources of dissatisfaction and grievance on the part of the public.

The frequent electric interruption being experienced and the shortage of clean potable water coupled with the inefficient and ineffective administration of water distribution are the two most common infrastructure problems raised by almost all cities. A wide range of rent seeking attitude and practice is also observed in the cities in the area of land provision and administration.

8. Recommendations

For the city governments to respond to the ever-changing demands of their citizens, they have to be empowered through the sharing of powers, capabilities and resources. The city governments
should have leaders with greater authority and more professional staff, promoting a more holistic and integrated approach to urban development. To this end, the recruitment of urban leaders should be merit-based and a continuous and well-resourced capacity building endeavors need to be exerted by the responsible government bodies. Such capacity building programs need to target city executives, the city councilors, public employees and civil society organizations. Moreover, cities need to be empowered to use different means of raising their local resource so that they are in a position to effectively respond to their citizens’ demands. Hence, there is a need to build the fiscal competence and capacities of cities so as to generate and mobilize the wealth potential within their territories.

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