

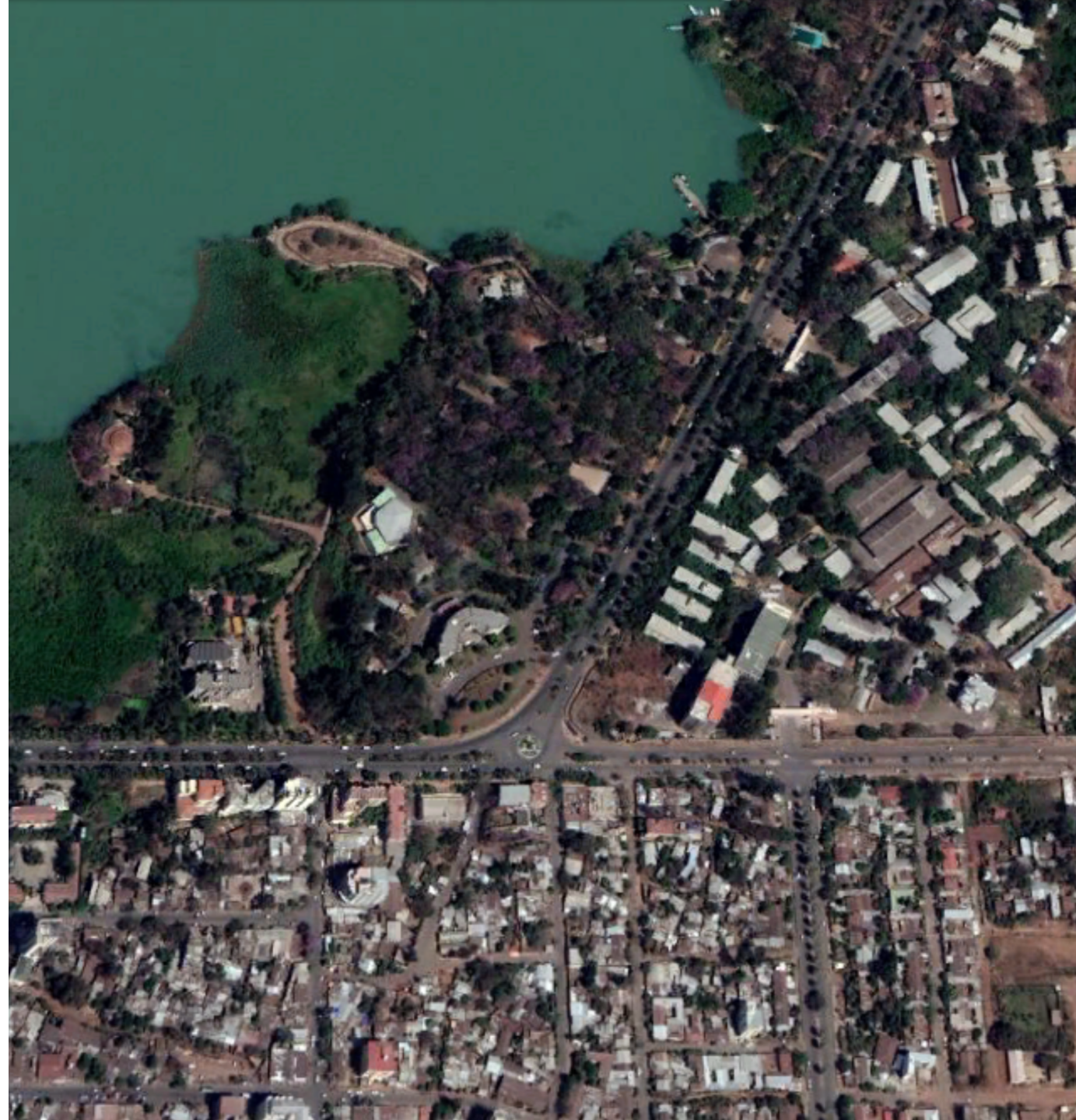
INVESTING IN WINNERS

Spatial targeting for manufacturing growth, formal employment growth and sustainable urban growth in Ethiopia's secondary cities

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ETHIOPIA 2050

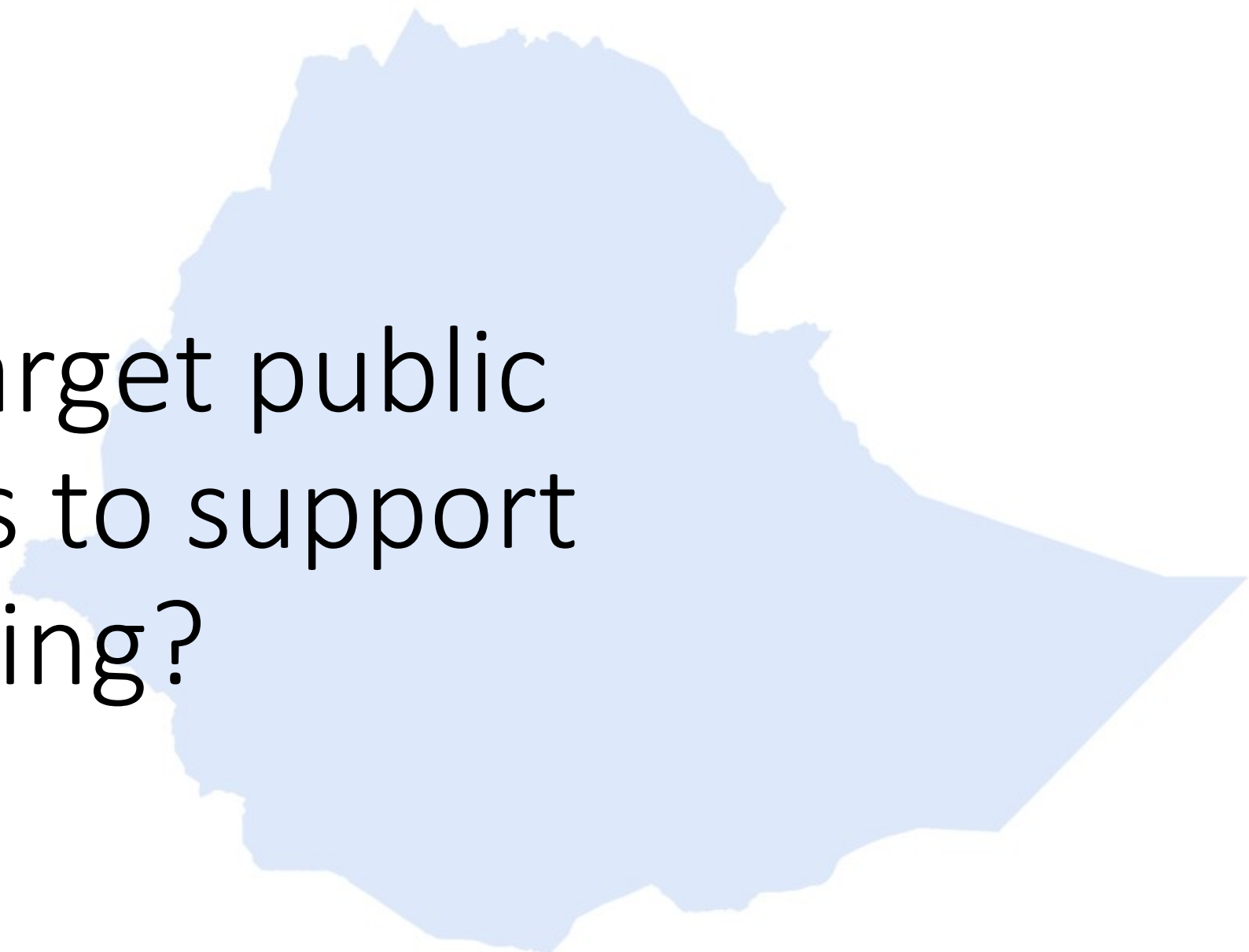
GRAND CHALLENGES &
OPPORTUNITIES



INTRODUCTION:

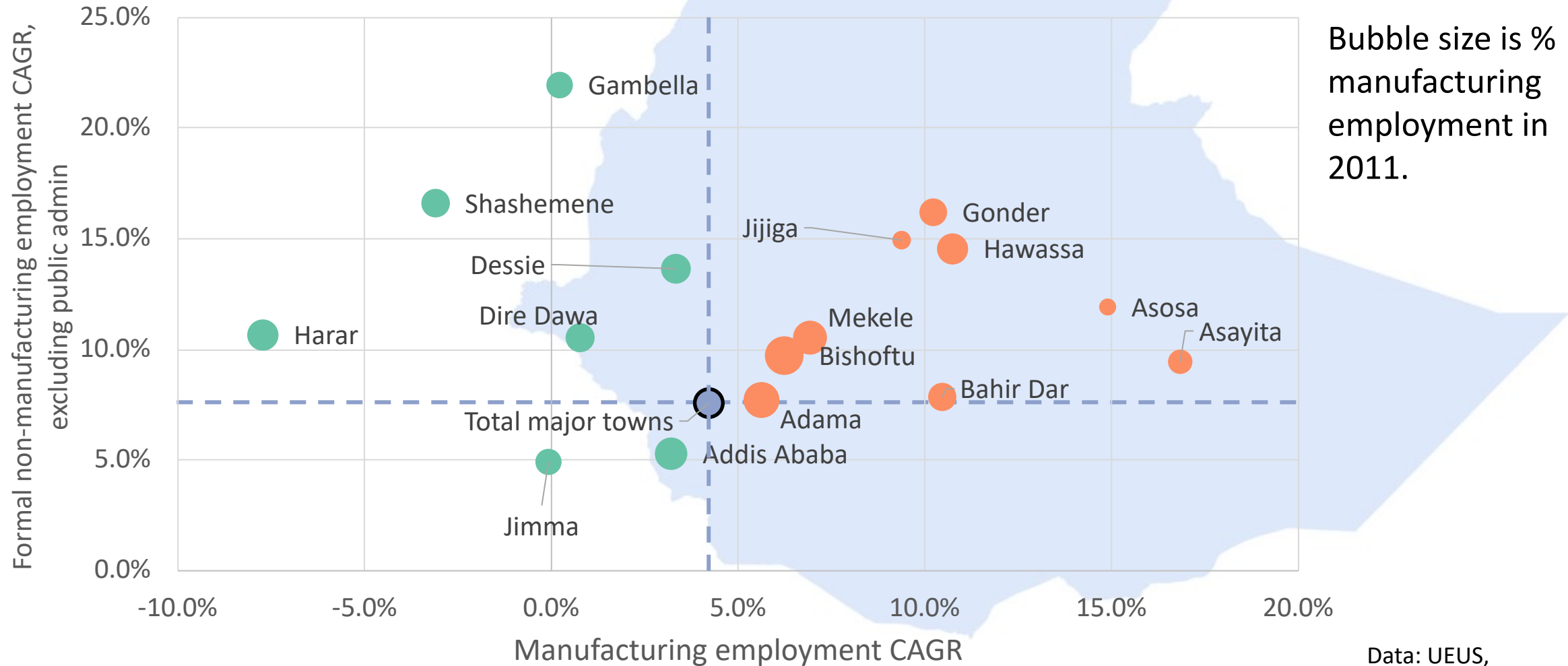
WHERE TO TARGET PRODUCTIVE INVESTMENT?

- Spatial targeting is a key question in the context of limited resources and an ambitious growth agenda.
- Secondary cities have advantages for manufacturing & balanced urbanization.
 - Facilitators of labour mobility & transition from rural activities.
 - Localization economies (same sector clustering) without higher prices in large cities.
 - Can take population pressure off of Addis Ababa
- Which secondary cities should receive targeted public investments to support manufacturing?
 - Literature suggests economic advantages compound.
 - Lagging areas may never become manufacturing growth poles.
 - Encouraging growth where it occurs will have better economic returns on investment.
- Is the quality of urban development supporting long-term economic growth of leading cities?

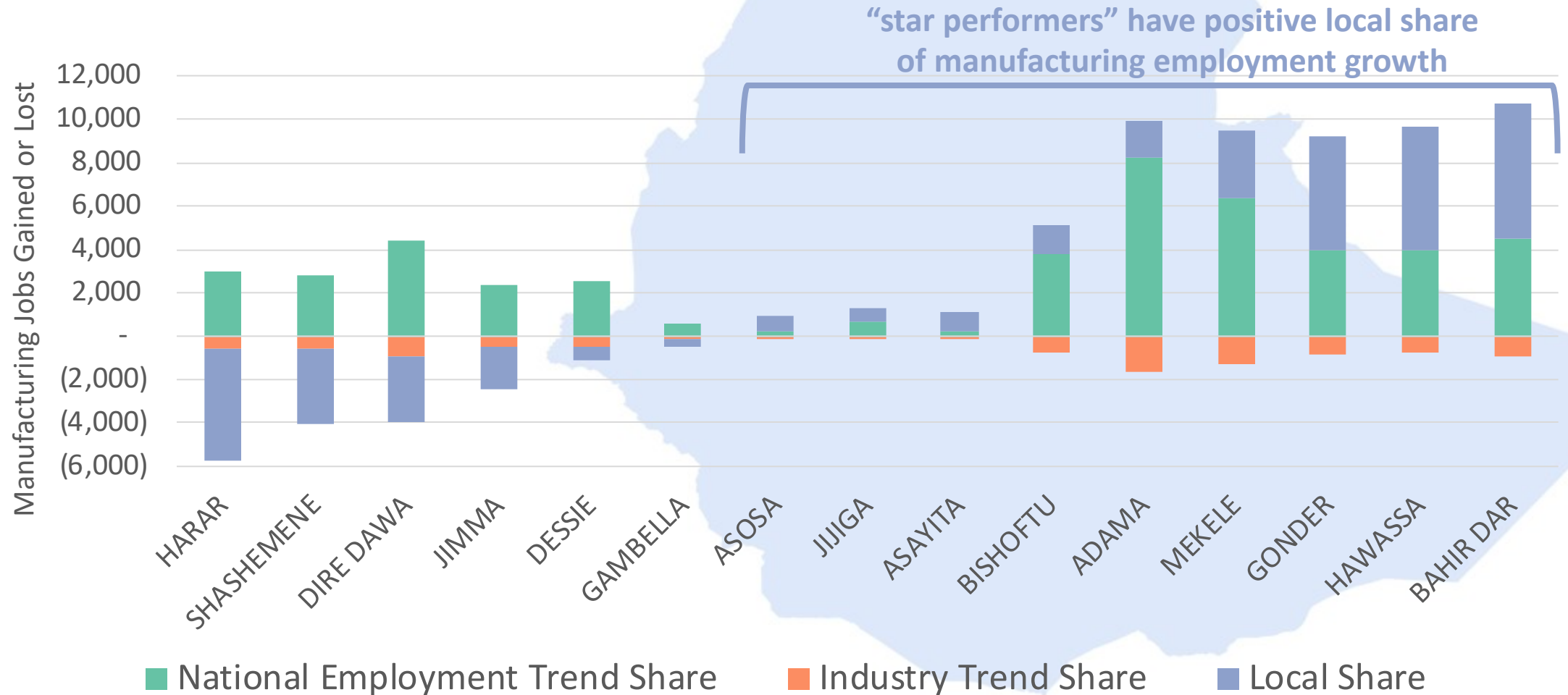


Where to target public
investments to support
manufacturing?

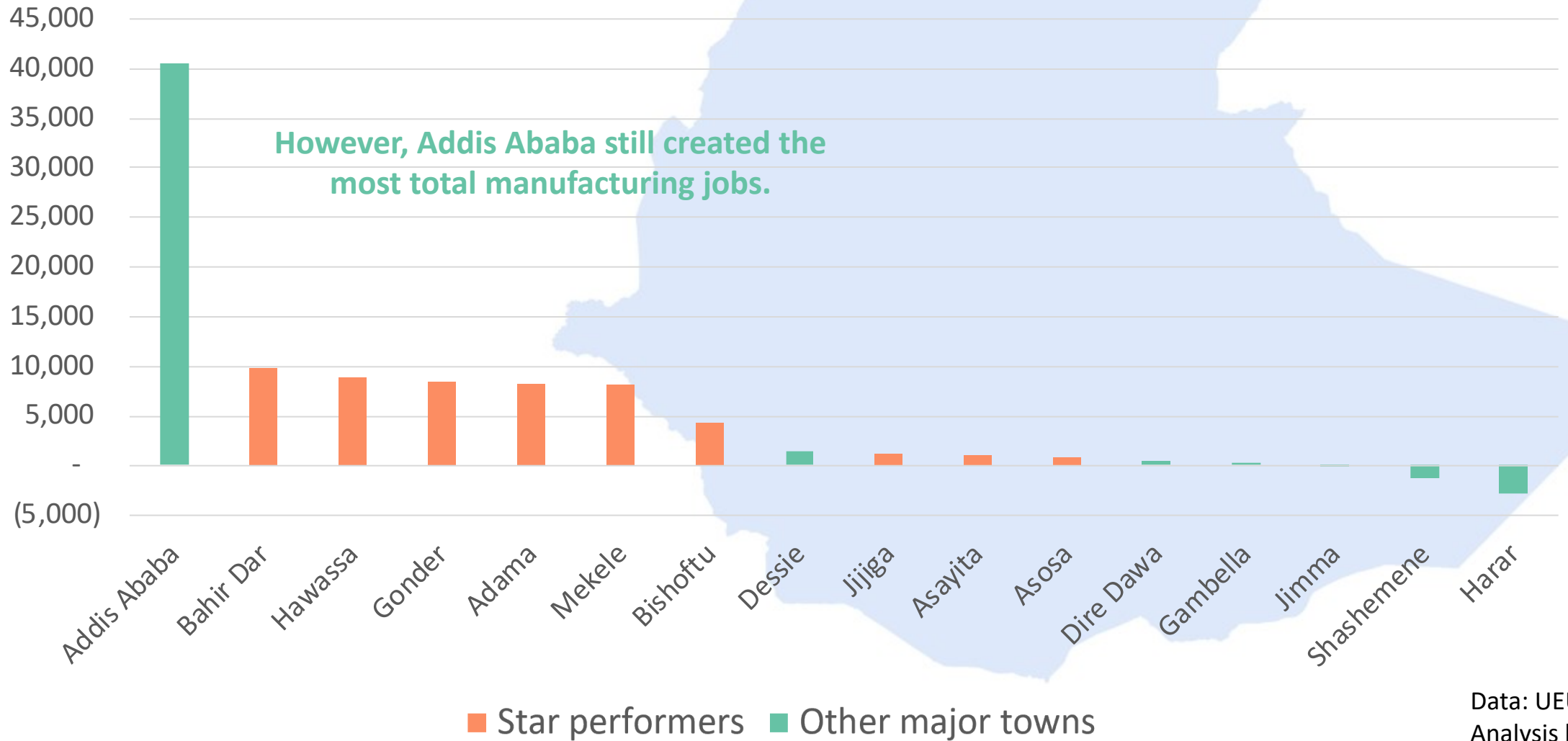
MANUFACTURING & OTHER FORMAL EMPLOYMENT GROWTH RATES 2011-2018



BREAKDOWN OF MANUFACTURING EMPLOYMENT GROWTH BASED ON SHIFT-SHARE ANALYSIS



MANUFACTURING EMPLOYMENT ADDED 2011-18



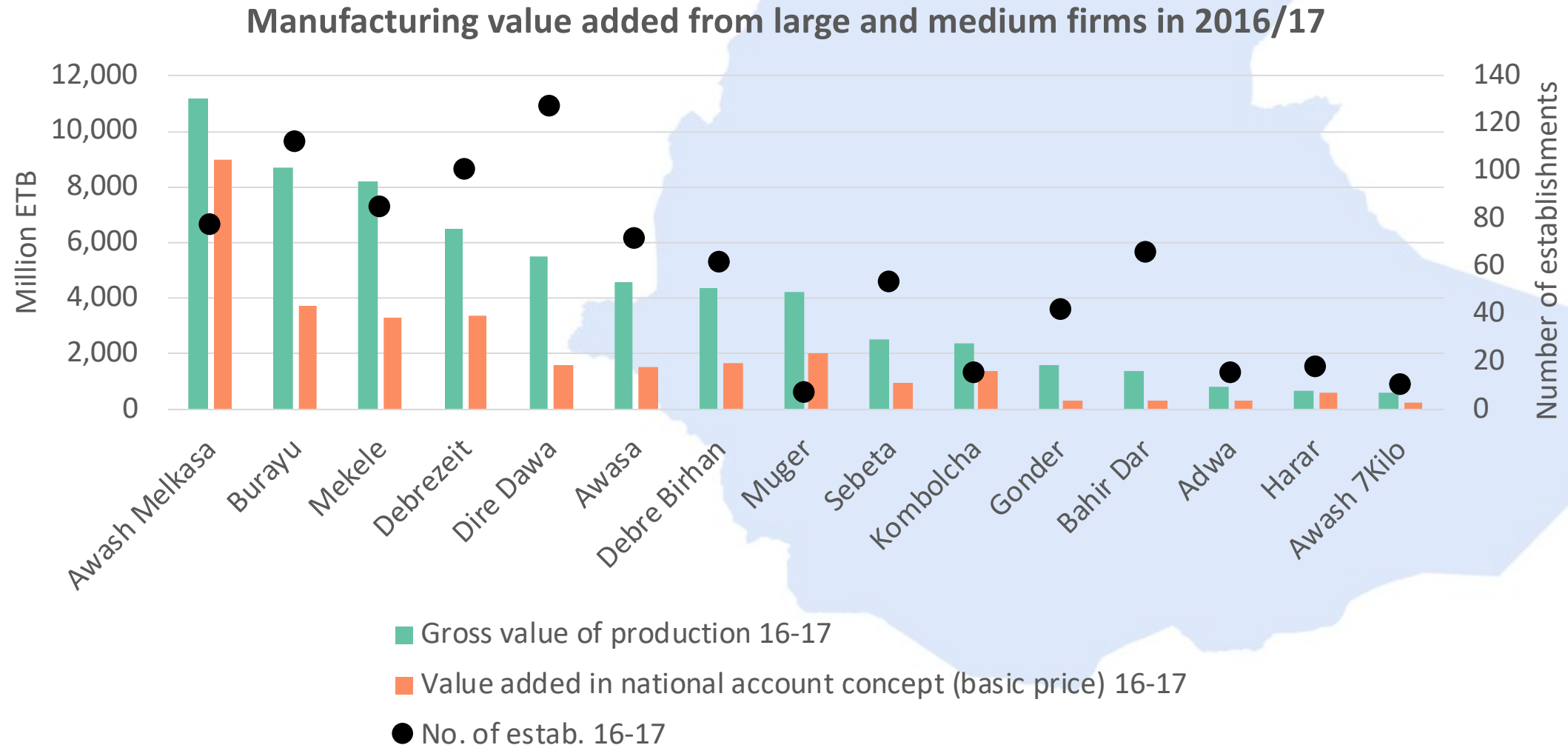
Data: UEUS, Analysis by authors


CHARACTERISTICS OF “STAR PERFORMERS”



- Manufacturing “star performers” are regionally disbursed.
- Asosa, Jijiga and Asayita are still small but quickly growing.
- Adama, Hawassa & Mekele have Industrial Parks. Bishoftu is close to an Industrial Park.

FURTHER ANALYSIS MAY IDENTIFY ADDITIONAL CITIES WITH HIGH MANUFACTURING POTENTIAL





Is the quality of urban development supporting long-term economic growth in leading cities?

PLANNING AND INVESTMENT IN ADVANCE OF URBAN GROWTH IS CRITICAL FOR PRODUCTIVITY.

- Agglomeration economies rely on proximity, mobility, density
- A planned and serviced street grid is a clear indicator of sustainable urban development.
- Street patterns set the stage for mobility and density, and are very difficult and costly to change after unplanned development takes place.
- We examined 58 new urban expansion areas occurring between 2011 and 2018 in the 9 star-performing secondary cities.
- We checked expansion areas according to 4 indicators of sustainable urban form:

1. PLANNED AND CONNECTED STREET GRID



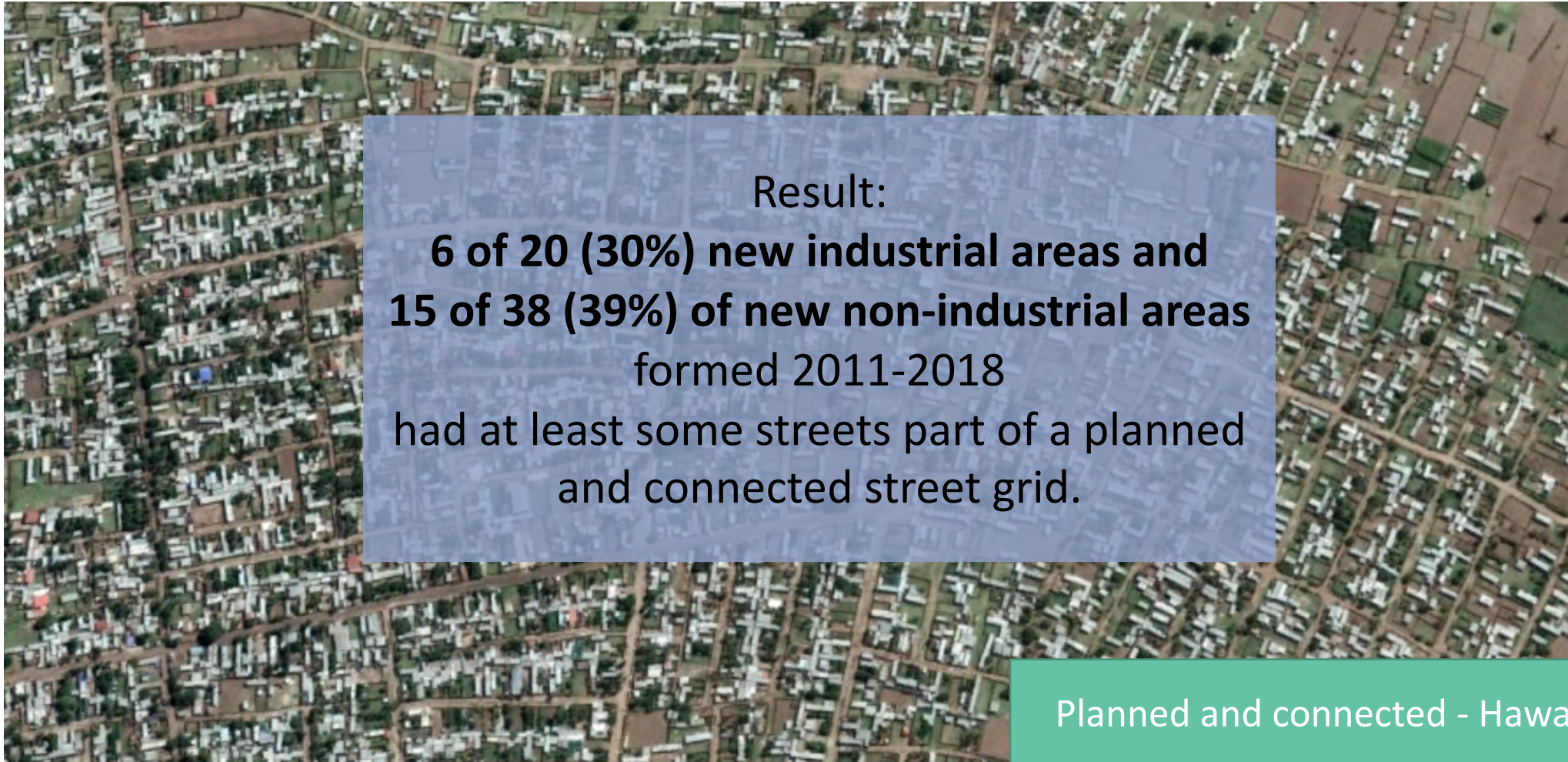
Unplanned street grid - Gonder

1. PLANNED AND CONNECTED STREET GRID



Planned but not connected grid expansion - Adama

1. PLANNED AND CONNECTED STREET GRID



Result:

**6 of 20 (30%) new industrial areas and
15 of 38 (39%) of new non-industrial areas
formed 2011-2018
had at least some streets part of a planned
and connected street grid.**

Planned and connected - Hawassa

2. PLANNED OPEN SPACES (NON-INDUSTRIAL EXPANSION AREAS ONLY)

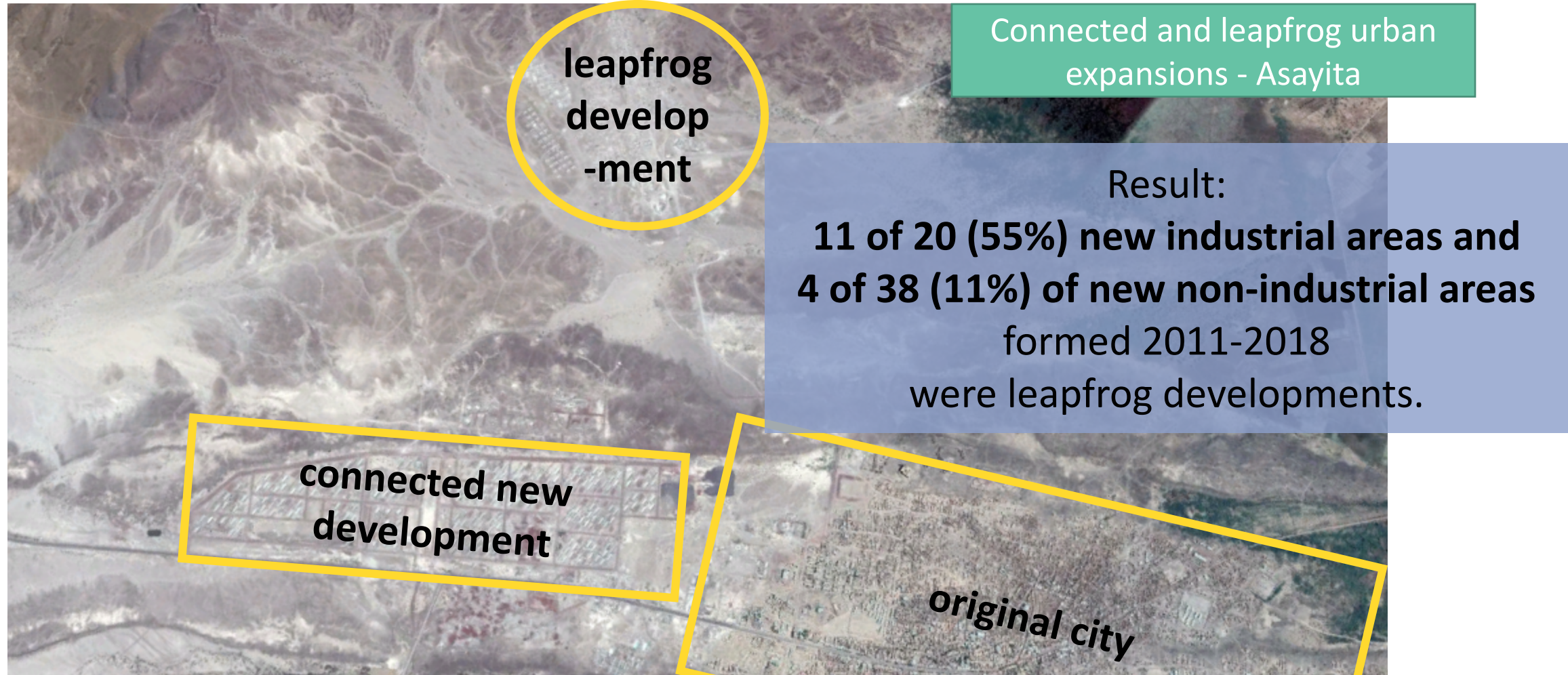
Result:

8 of 38 (21%) of new non-industrial areas formed 2011-2018 have clearly reserved open spaces.

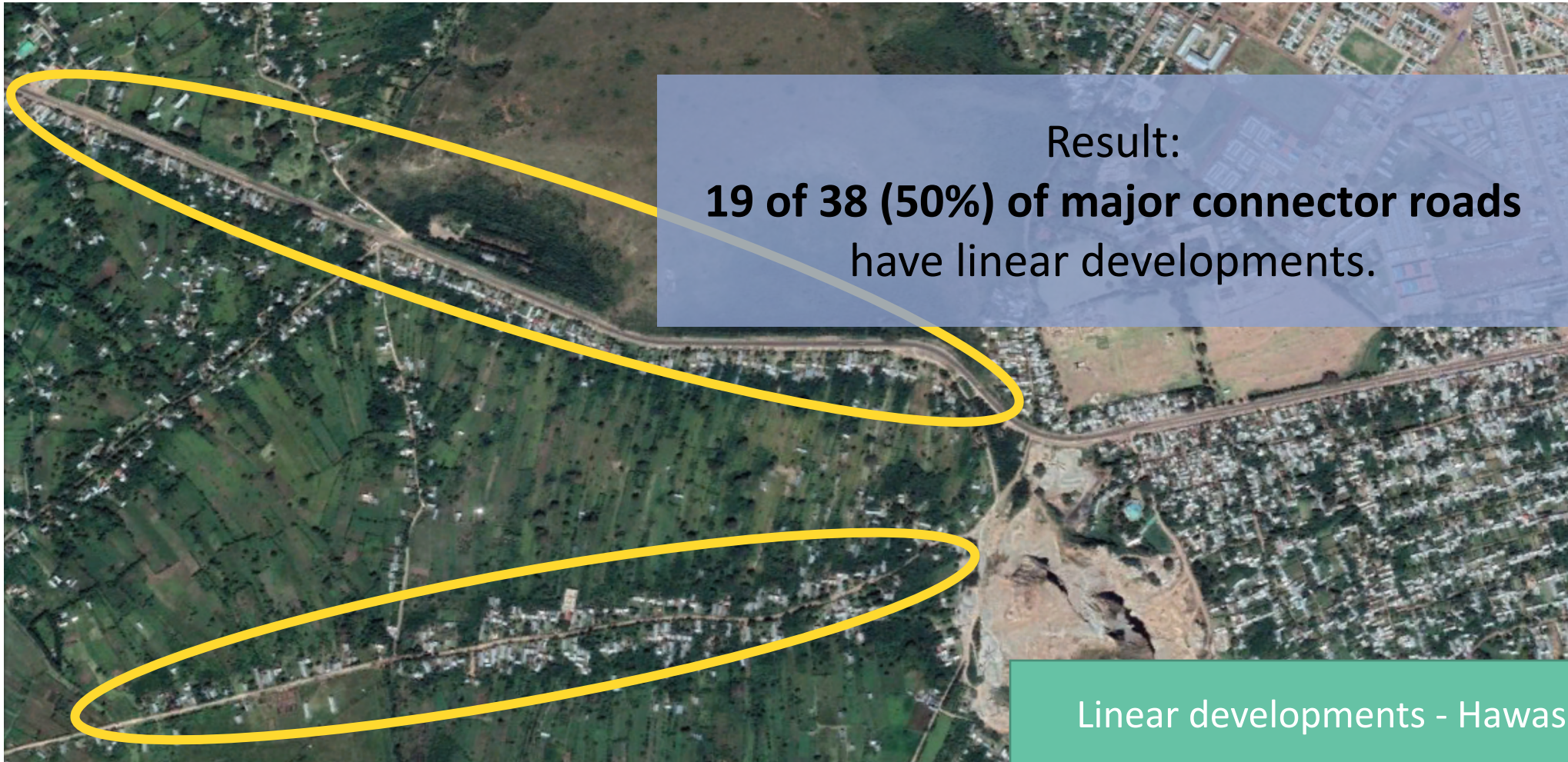


Planned open space - Mekele

3. “LEAPFROG” DEVELOPMENTS



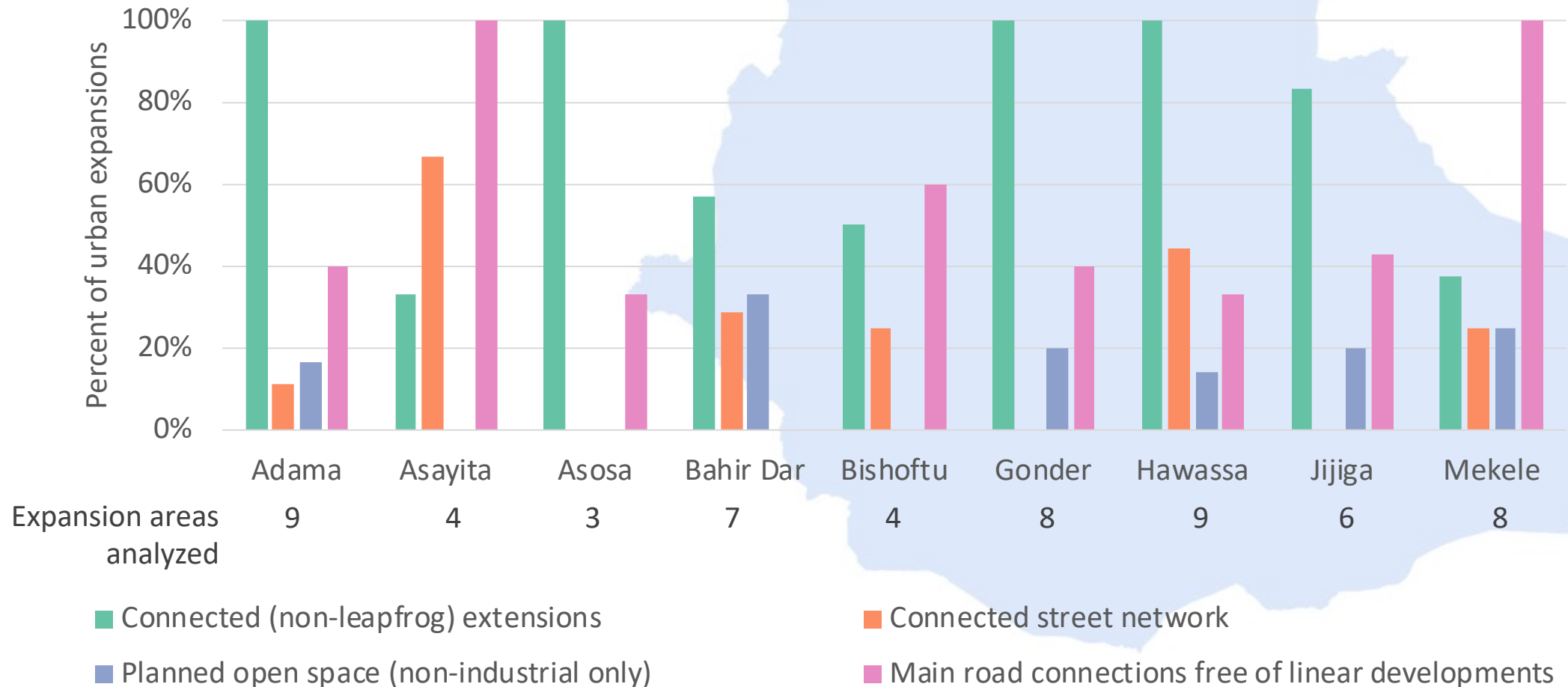
4. LINEAR DEVELOPMENTS



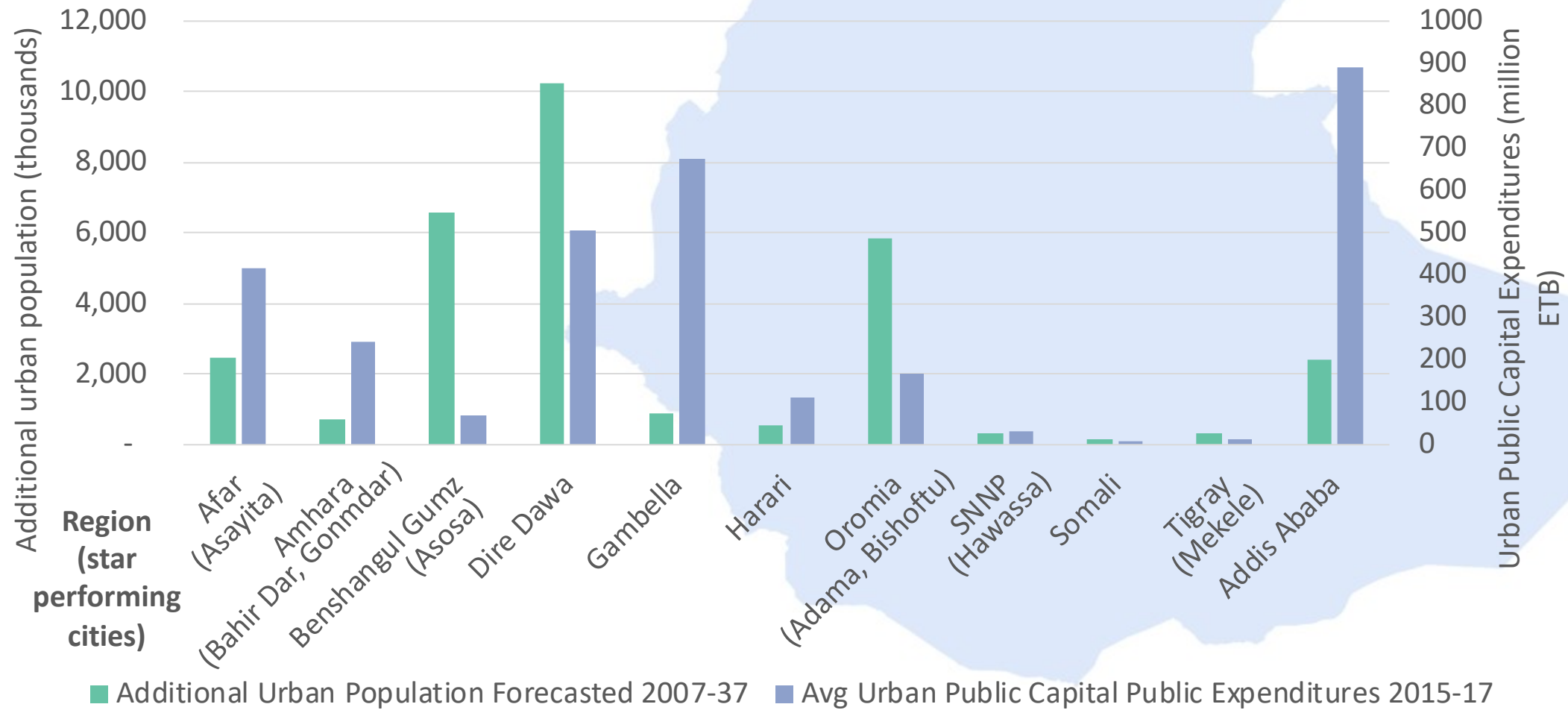
Result:
19 of 38 (50%) of major connector roads
have linear developments.

Linear developments - Hawassa

URBAN EXPANSIONS 2011-2018, STAR PERFORMING CITIES



REGIONAL URBAN POPULATION FORECASTS AND URBAN CAPITAL EXPENDITURES





Conclusions and recommendations

CONCLUSIONS

- Ethiopia is going through a triple transition: economic, urban and demographic.
- The next few decades offer a narrow window of opportunity for pairing sustainable urbanization with economic structural transformation.
- Secondary cities have a critical role to play, especially in manufacturing.
- Ethiopia is at an early stage of urban differentiation; some secondary cities are standing out in manufacturing performance.
- The response at the national, regional and local levels will be critical.

RECOMMENDATIONS

1. Target leading cities for investment in manufacturing growth.
2. Pair good urban planning and adequately funded implementation with manufacturing investments to ensure the sustainability of growth and urban productivity.
3. Foster linkages between industrial areas, the labour force and the rest of the economy.



Thank you!

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