



POLICY Brief

Ethiopian Economics Association (EEA)

Professionalism and Economic Thinking for Development!

No. 02 / August 2022

Vision

The EEA is envisioned to become a premier economics association in Africa by 2030.

Mission

The mission of EEA is to provide a platform for networking, access to information and learning; to contribute to a better understanding of the global, national and local economic issues; to inform and influence economic policymaking and investment decision; to offer training and foster the advancement of the discipline of economics.

Values

Professionalism, integrity, independence, quality, efficiency, inclusiveness, teamwork, accountability and transparency.

Copyright © Ethiopian Economics Association

Disclaimer: This publication was produced with the financial support of the **European Union**. Its contents are the sole responsibility of the team of experts of the Ethiopian Economics Association, external consultant and advisors. The Authors do not necessarily reflect the views of the European Union.



European Union

THE EVOLVING QUESTION OF LAND IN ETHIOPIA:

Tenure Preferences, Property Rights and Land Governance

A Contribution to the Homegrown Economic Policy Reform to Accelerate Food System Transformation in Ethiopia

Getachew Diriba¹

Executive Summary

Land is a gift of nature; a political economy agent; a factor of production; a source of economic and political power, and essential to the survival and viability of the agricultural population. Discussions about land tenure have been perceived as a political tinderbox while ignoring its economic, environmental and social impacts. As a result, land problems have accumulated over the decades and now surpass the limits of tolerance in terms of food insecurity, environmental degradation, and land scarcity.

Land tenure is the question of 'who owns the land' or 'who uses the land' which is in part philosophical (that land is a gift of nature), in part a question of property rights (the right of every citizen to own property protected by law), and in part a question of development (land being one of the factors of production that constitutes the very foundation of social and economic development).

The argument of this paper is that Ethiopia's national development in the 21st century and the transformation of its food system rest on three priority pillars of land reform: a) close the sterile land tenure preference debate, i.e., private vs public ownership; b) activate and enshrine property rights provisions for all Ethiopians; and, c) put in place an impersonal, integrated land administration and governance system. Managed well, these land reform priorities could be sources of capital formation and food system transformation that will free millions from poverty and food insecurity and put Ethiopia on the path of inclusive national development. Managed poorly or inadequately, the land question will be a source of massive poverty and interminable conflict on the national political landscape.

¹ Dr. Getachew has extensive experience working with national governments and international organizations. He has taken progressive leadership roles in national and international agricultural and rural development, institutional development, governmental and inter-governmental partnerships and cooperation, technical assistance, country capacity strengthening, emergency program management, including post-crisis recovery and vulnerability and food security.

Unravelling the Evolving Dilemmas of Land Reform

Land reform² is one of the principal factors underpinning national development and food security for all Ethiopians. This discussion paper complements ongoing national efforts towards homegrown policy reform.

Ethiopia's land tenure system was declared as public ownership in 1975 and this was further codified in the 1995 national constitution. Over the past 46 years, land tenure has seen little policy adjustment whereas Ethiopia's population has grown manyfold, resulting in a dramatic decline in per capita agricultural landholdings and land fragmentation. The scarcity of land is visible throughout the country: in the expansion of farming into less suitable areas, the clearing of forest land for agricultural production, and rising tension among crop and livestock producers. Land-based conflicts are spreading throughout the country.

Land issues are complex; however, too often there is a stereotypical focus on land tenure preferences of *freehold versus public ownership* (state-owned). Public land ownership is not at odds with other forms of reform that might produce, within the permit of the law, conducive property rights to facilitate agricultural and national development. The fundamental question for Ethiopia is why the vast numbers of smallholder farmers are not accorded property rights that are secure, transactable, and welfare-enhancing. Delaying land reform due to fears of its political sensitivities is to the detriment of agricultural and rural development. What is needed is to agree on the aspects of land reform that Ethiopians collectively are willing to consider as stipulated in the national constitution.

Land Economics

Land is one of the factors of production in economics. In economics, land implies 'free gift of nature' to human beings. Even though it is a passive factor and possesses no ability to produce on its own, it is an important agent of production. Modern economists consider land a specific factor of production which can be put, not only to a specific purpose, but to several other uses. Land has value once it is put to use.

Land as a political economy agent is a source of economic and political power. It is essential to the survival and viability of the agricultural population and of the Ethiopian people. Land has been the foundation of real power in imperial and contemporary Ethiopia – the source of political authority – and remains at the center of controversial policy debates (Crewett et al. 2014, 2008, Jemma, 2004). Land is an asset and a path to capital accumulation. When tenure arrangements and property rights are ill-defined, land can constrain national and individual development and become a source of grievance, conflict, and war. Alternatively, inclusive and secure access to land and property rights can motivate citizens to partake in national development, achieve food security, and enhance overall wellbeing. The way in which land is accessed and utilized, i.e., through land tenure, land administration, and property rights systems, is a key determinant of food security, with the potential to expand livelihood opportunities, accelerate agricultural, rural, and urban development, and above all serve as a source of capital formation. However, millions of Ethiopians are currently unable to convert *land title* into capital. As de Soto (2000: 14) aptly puts it:

"IMAGINE a country where nobody can identify who owns what, addresses cannot be easily verified, people cannot be made to pay their debts, resources cannot conveniently be turned into money, ownership cannot be divided into shares, descriptions of assets are not standardized and cannot be easily compared, and the rules that govern property vary from neighborhood to neighborhood or even from street to street."

de Soto's description fits well the condition of rural Ethiopia today. It is surprising that there has not been a formal system of land administration in Ethiopia for a long time, especially to administer rural lands. Much land administration continues to be carried out by peasant associations or the kebele administration. Some semblance of land administration came into effect from the second half of the 1990s, but this embryonic arrangement is far from offering a comprehensive and uniform land administration system throughout the country. At the federal level, the Ministry of Agriculture is mandated to oversee rural land administration. At regional level, land administration mimics that of the federal government with a degree of variability.

² This policy brief is abridged from the main work under the same title on land reform in Ethiopia

There are two contrasting visions of land tenure for Ethiopia. One side of the debate upholds state ownership of land that bestows usufruct rights upon landholders. Those on this side of the argument build their case on the premise of social and historical justice stipulated in Proclamation 31 of 1975 and the 1995 Constitution, i.e. (1) justice as *egalitarianism* – guaranteeing every farmer in need of agricultural land equal rights of access to such land, and (2) *historical* justice – granting tenure security to the Ethiopian farmers who experienced land deprivation and expropriation through different mechanisms during the imperial era.

On the other side of the debate stands the neoliberal interpretation of land tenure as primarily based on privatization and freeholding, that is, it advocates land as freehold with the full force of the market to exchange, transfer, and use for an indefinite period of time. This side of the debate builds on the argument that state ownership of land prevents the development of a land market, discourages farmers from investing on their land, thereby holding down productivity, and encourages unsustainable land use practices.

This debate has been described as politicized and ideological (Crewett et al., 2008; Rahmato, 1992; Jemma, 2001; Hoben, 2000; Adal, 2001). Crewett and colleagues (2008) point out the problems with the two polar views, stating that “*there are doubts about the validity of the underlying – often implicit assumptions about the expected benefits of either private or state ownership.*” To this we must add that the debates do not offer a range of reform opportunities that could facilitate capital formation to spur economic development. Most fundamentally, all land tenure types are governed by the same principles of property rights (the right to use the land, earn income from it, transfer property to others, and such rights are enforced by law) and land administration and governance. The fact that the Ethiopian constitution prohibits the sale of land does not necessarily restrict property rights.

The debate about the preferred land tenure system will continue, and it is not the purpose of this study to resolve it. Rather, this discussion paper takes a practical policy-making approach. It accepts the land tenure system as given and examines land reform measures through the prism of *property rights³ and land administration/governance*. This author advances the growing recognition that the prevailing usufruct rights are devoid of property rights, that is, they exclude the right to lease, exchange for value, or mortgage/sublet, or determine how land assets are held, used, developed, or improved; to cultivate or assign the land to immobile property; and to realize its financial benefits.

Conclusion Recommendation

Ethiopia’s land tenure is constitutive of a political order. It: a) represents a major departure from the feudal tenure system; b) expresses justice and fairness (an equal opportunity of accessing land, at least in its initial conception); c) defines the relation between the landholder and the state; d) expresses relations among members of regional states of ethnic communities; and e) expresses relations between federal and regional states. With the implementation of property rights as provided in Ethiopia’s constitutions, public ownership of land tenure is viable and can spur economic and social development of the Ethiopian people. Hence, the preference of land tenure must be separated from legally enforced private property rights. In pursuit of constitutional rights, all Ethiopians, including agricultural communities, must have legally enforceable land title, and the right to use this to protect the land and natural resources against political or elite claims.

Property rights define: a) the nature of land ownership; b) how land is accessed – usufruct rights expressed in lease agreement, rental, gift, mortgage, and inheritance; c) property ownership which characterizes land title, farms, crops, livestock, buildings, machineries, accessories, irrigation system, land development, silos, warehouses, cars, farm equipment (incubators, milking machine, milk processors), barns, etc.; and d) property information – land information (cadaster, GIS), parcel data, land use data, and land valuation. All these collectively constitute the property rights agenda, especially for the agricultural and rural population. A property rights approach redresses the imbalance in such rights between the rural and urban population.

³ *Property rights* are social constructs in economics for determining how resources or economic goods are used and owned; they afford landholders the right to exchange through lease, mortgage, or sublet, with the promise of return on long-term investment on the land.

[For more information, please visit our website.](#)



Further inquiries and information:

Email: info@eea-et.org

Website: <http://www.eea-et.org>



<https://twitter.com/EthioEconAssoc>



<https://www.facebook.com/Ethiopian-Economics-Association-131600906874704/>



https://www.youtube.com/channel/UCu0iwLNBzD0_QfbYND4csdQ

Ethiopian Economics Association

Yeka Sub-city, Woreda 11

CMC area adjacent to St. Michael Church

Tel: +251 - 11 - 645 32 00/645 30 76/645 30 41

Fax +251 - 11 - 645 30 20

References

- Crewett, W, Ayalneh Bogale, Korf, Benedikt., (2008). *Land Tenure in Ethiopia Continuity and Change, Shifting Rulers, and the Quest for State Control*. CAPRI Working Paper No. 91.
- Crewett, Wibke and Korf, Benedikt. (2014). Ethiopia: Reforming Land Tenure. *Review of African Political Economy* No. 116:203-220.
- De Soto, Hernando. (2000). *The Mystery of Capital. Why Capitalism Triumphs in the West and Fails Everywhere Else*. A Black Swan Book. England
- Hoben, Allen. (2000). *Ethiopian Rural Land Tenure Policy Revisited*. A Symposium for Reviewing Ethiopia's Socio-economic Performance 1991-1999', 26-29 April 2000, Addis Ababa; (1973), Land tenure among the Amhara of Ethiopia. The Dynamics of Cognatic Descent. Chicago, London: The University of Chicago Press.
- Jemma, Hussein. (2001). The Debate over Rural Land Tenure Policy Options in Ethiopia. Review of the Post-1991 Contending Views, *Ethiopian Journal of Development Research* 23 (2), 35-84.
- _____. (2004). *The Politics of Land Tenure in Ethiopian History. Experience from the South*. Paper Prepared for XI World Congress of Rural Sociology, Trondheim, Norway.
- Rahmato, D. (1992). The Land Question and Reform Policy: Issues for Debate. *Dialogue*, 1, 43-57.
- Rithmire, Meg. (2015). *Land Bargains and Chinese Capitalism*. The Politics of Property Rights Under Reform. Cambridge University Press.

Conflict of Interest

There is no conflict of interest among researchers.