

**Ethiopian Economics Association  
(EEA)**



***Land Issues in Ethiopia: Trends, Constraints and  
Policy Options***

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**Policy Working Paper 06/2022**

*October 2022*

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# EXECUTIVE SUMMARY

## Introduction

In an economy like Ethiopia, land is the primary source of livelihood, investment, and wealth. Moreover, unlike other factors of production, access to it depends on the national tenure system set up by the government. Accordingly, the study focuses on the following four issues; namely perceptions towards existing land policy; the impact of such policies on land access, administration, and related economic outcomes, features and impacts of land fragmentation, consolidation and expropriation, as well as its commercialization. The study report deals with the understanding attitudes towards the existing tenure security, critical examinations of possible gaps in tenure security, systems of land expropriation, compensation and overall commercialization of land issues. The study also extends itself to assessing the interactions between the underlying tenure insecurity of land-owning households and key variables of economic interest such as land-leasing behaviour, land productivity and investment on the land. Current and recent efforts towards increasing tenure security and sustaining commercialization and enhancing land consolidation are also examined by focusing on the (second stage) land certification program, agricultural commercialization, and hypothetical land markets (futures contracts).

## Methodology

The methodology of the study is comprised of qualitative and quantitative data analysis, obtained from primary and secondary sources. The first half of the qualitative analysis focuses on review of relevant literature that has enabled contextualizing the relevant land issues and deriving testable hypotheses. The second half of the qualitative analysis has focused on collecting relevant qualitative information from key informants and focus group discussants. Key informants were interviewed pertaining to policy and implementation issues on rural and urban land administration and use. The Focus Group Discussion has been designed to collect urban users' perspectives on land policy and implementation. It has been conducted with 12 focus groups, two in each of the six selected towns in the Amhara, Oromia and SNNP regions. The analytical methods comprise of qualitative methods for the KII and FGD.

Similarly, the quantitative analysis is also comprised of two parts: secondary data and primary data. The secondary data consists of relevant variables from the 2018/2019 CSA which is the national representative survey. Whereas, 300 households, sampled out of two woredas each in the Amhara, Oromia and SNNP regions were employed in gathering primary quantitative data. At par with the nature of information, qualitative and quantitative analyses have been employed, with the latter employing descriptive and econometric approaches. The econometric approaches used include a univariate probit model, propensity score estimation, average treatment effects, and contingent valuation methods.

The analyses and findings of the study are summarized into five topics briefly discussed below.

### **Access and Rights to Land**

The results have indicated significant levels of tenure security towards holdings but ever-expanding rural landlessness and limited access to urban land. Regarding rural land, the majority of respondents perceive to have sole ownership while a tenth of the households perceive to have joint ownership and about 90 % to have bequeathed rights. Overall, despite the land ownership right not being full, a very high proportion of the households perceive to have solid rights over the use of their land and bequeathing the land. Respondents expect to experience no change in land holding, while nearly a small percentage expects a decrease in their land holding. The majority of respondents take several active measures to maintain ownership of their land. A small portion of respondents have reported that they have faced land conflicts and the main reason for the conflict has been exceeding boundaries.

The main access to urban land (modality) are two; namely auction/bid and administrative placement. Urban users have invariably seen the need for increased land access through local organization called *mahber*. Particularly in urban areas, land access and utilization is compounded by bureaucratic inefficiency and legislation loopholes leading to abuse of power. While differing in degree, both urban and rural households' need to take actions to ensure security of their land is registered as all urgent. Critical lessons are drawn from perceptions of land related conflicts and how land reform measures could help avert the problems.

## **Land Policy**

The rural and urban land administration implementation has been backed by extensive efforts to focus on capacity building and provision of technology to make land administration open, efficient and transparent. There are design and implementation practice issues with regards to the land policy that the study has identified. These include lack of proper operationalization across administrative levels, capacity limitation from federal to regions and cities, low level of awareness among the public and lack of trust in formal administration channels. An overarching problem revolves on the fact that land under government administration, and not under an independent body, creates a conflict of interest between governance of an entity and political mandates.

Additional bottlenecks include a massive challenge in the synchronization between rural and urban land administration. Another is the mode of acquisition of land for industrial parks as the process of it bypasses city administrations' procedures, as well as the apparent misallocation of land for public investment purposes which either unnecessarily ties up fertile agricultural land into industrial activities.

Possible improvements-both for policy and practice- as well as grievance redress mechanisms are suggested for the purpose of land administration issues. For the purpose of exemplifying the impact of land tenure policy on key economic variables, the study draws from the quantitative analysis of the impact of tenure security on land productivity, land related investment and the impact of agricultural commercialization clusters, the former two being responsive to the policy changes are some to name the few.

## **Land Registration and Certification**

Ethiopia's rural land registration program, that has been carried out in two phases is now at its 2<sup>nd</sup> stage covering 4 regions, and issuing certificates for 17 parcels. The 1/3 coverage of all cultivated parcels has been found to be an indication that the rural land registration has been enthusiastically welcomed by prospective certificate holders and is found to have brought significant benefits for all users and specifically to women. Future success and sustainability requires dealing with the obstacles of financial, organizational and technological nature. Certification in pastoralist regions also requires an innovative approach as tribal land ownership doesn't bode well with conventional certification.

The urban land registration has been initiated based on the gaps in urban land use and its administration that has resulted in the drafting of a proclamation to that effect. The land registration is at a pilot level and is being conducted in Addis Ababa and the major cities of Dessie, Dire Dawa, Gondar, and Adama with a total of 200 woredas. There are several challenges to its implementation including a mismatch between the certificated holdings and the actual holding, that brings difficulty for the boundaries to conjoined holdings as well as certifying public type holdings with no prior documentation. A general problem with land regulation/proclamation in modern Ethiopia up to today has been that there is a gap between laws and implementation.

## **Land Expropriation and Compensation**

In the examining process of land expropriation and compensation, the study has identified administration and policy challenges. The major improvement on the pre-2018 land expropriation and compensation practices has been marked by the declaration that recrafted the objective that all expropriation should meet the criteria of public purpose that includes economic and social benefits simultaneously. Current expropriation practices also aim at providing priorities on development for person/communities whom the candidate's land belongs to, in developing the land for designated purposes. Compensation follows a cost replacement approach in principle while in practice a mix of income approach and sales replacement approach are also followed. The policy also has sufficient provisions for grievance redress mechanisms.

The general perception of the respondents is that land expropriation is not a widespread practice although some instances of it could be life-altering experience for individuals. Participants are in agreement with the view that holders generally never receive proper compensation in advance or later on if his/her land is taken for the purpose of public services. Besides, it is the view of the respondents that the compensation is too low or disproportionate to the estimated value of the land as officials take bribe from investors resulting in a much lower compensation for the land owner evictees. Limited awareness of the law (partly owing to the relatively short time since the legislation is put into effect) is another shortcoming in the part of implementers of the policy.

## **Land Fragmentation**

Land fragmentation is identified as a serious administrative, productivity and investment issue in terms of land use and administration. It negatively affects productivity -through limiting possibilities of enjoying economies scale and acting as a stumbling block to the utilization of modern agricultural technologies such as irrigation and agricultural mechanization. The prevalence of land fragmentation is also shown to be very high among survey respondents. Hence, the need to stop fragmentation is one of the utmost agricultural policy priorities.

## **Land Consolidation and Commercialization**

The findings show that land consolidation process that is voluntary/ consent- based and mandatory both remain very limited in coverage. Indeed, policy-led efforts at land consolidation have been only at their infancy with limited prospects of having a wide scale impact. Analysis of both primary and secondary data points to the overwhelming demand for both commercialization and consolidation tools. The lack of resources (financial/ administrative/ institutional) are necessary to undertake meaningful commercialization and land consolidation activities.

A potentially attractive tool for land commercialization and consolidation is now being implemented in Ethiopia is ACC's contract farming. As it is now, contract farming is used for contracting farmers' land for a given period of time, tied to the provision of inputs and sale of outputs. While it is a potential instrument for consolidation, its effectiveness relies on additional provision made for farmers. The assessment of the impact of land contracting on land commercialization by measuring individual farmers' willingness to accept land contracting or land market participation is, shown to have considerable demand.

## **Recommendations**

In moving towards a tenure secure economy in the urban and rural spheres, the following pivotal actions are required. While differing in degree, the need for security of ownership in rural and urban land appears all urgent. Critical institutional actions in drawing from local knowledge and practical experience, clear links between federal and regional land legislations framework and

customizing interventions in recognition of heterogeneous setting is required. As a step towards that, the certification programs both rural and urban would need policy actions in arenas of awareness creation, financing, capacity building and transparency and accountability in administration. Further, a robust policy action is required in ensuring effectiveness and fairness in land expropriation and compensation for the greater good of the society and for protecting individual land rights. As a move away from ad hoc activities, land consolidation and commercialization calls for producing a nationally-based plan that also embeds expanding land consolidation needs in all sectors of the economy.

Beyond the realm of current policy and practices, the overwhelming perception amongst the respondents in this study has been that the current land tenure system has been suboptimal. Specifically, the land access and means of securing it, as well as the utilization spectrum is increasingly limiting, compounding pre-existing problems and seemingly having no ways out on the horizon. A clear institutional pathway that leads to genuine public say on land access and utilization is required. For that public engagement in productive discussions towards better performing land tenure system is required.

## **LIST OF ACRONYMS AND ABBREVIATIONS**

ACC	Agricultural Commercialization Cluster
CSA	Central Statistical Agency
ESS	Ethiopian Socioeconomic Survey
FDRE	Federal Democratic Republic of Ethiopia
FGD	Focus Group Discussion
GTP	Growth and Transformation Plan
KII	Key Informant Interview
LSMS-ISA	Living Standard Measurement Survey-Integrated Surveys in Agriculture
MOA	Ministry of Agriculture
MoFED	Ministry of Finance and Economic Development
MOUDH	Ministry of Urban Development and Housing
RLAS	Rural Land Administration System
SNNP	Southern Nations, Nationalities, and Peoples
USAID	United States Agency for International Development

# 1. INTRODUCTION

## 1.1. Background

Given its heavy dependence on agriculture, the Ethiopian economy is highly intertwined with access to and productivity of agricultural land. Indeed, there is a wealth of evidence that indicates the importance of land use and land tenure systems which are at the core of the well-being of rural households living and dependent on land (Deininger et al. 2008a, Holden & Yohannes, 2002). Further, land tenure systems that encompass land ownership and transfers have been central features of governance throughout Ethiopia's long history of complex political systems and leaderships.

While lacking the structural and historical significance of rural land, the issue of urban land is gaining significant traction as a key economic factor in contemporary Ethiopia. Indeed, as the level of urbanisation is currently low but growing very quickly, it can be argued nowhere else is the issue of urban land timelier than in Ethiopia.<sup>3</sup> If managed properly, this provides opportunities both in terms of supporting the structural transformation agenda of the Government of Ethiopia (GoE) and building a sustainable urban environment. However, urbanization is effectively fuelled by limited access to urban land and the dividend from urbanisation requires effective urban land management.

The conventional wisdom is that design and characteristics of land tenure systems in Ethiopia and the rest of the developing world are critical to the functioning of the economy as a whole. In due recognition of this, a number of international organizations have put the issue of land tenure high on their international policy agenda (e.g. Commission for Legal Empowerment of the Poor, World Bank, Global Land Tool Network (GLTN) (Augustinus 2005; World Bank, 2006). Similarly, the issue of land tenure systems has been a national policy priority by many countries (Mekonnen et al., 2013; Deininger et al. 2008b) and a number of reforms and legislations have been passed to that effect, particularly since the 1990s (Deininger *et al.*, 2011; Ali et al., 2018).

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<sup>3</sup> The percent of urban population in Ethiopia stood at 17% in 2012, according to the World Bank's Ethiopia urbanisation Review (World Bank, 2015). This is low compared to countries with similar levels of development and it is lower than the Sub-Saharan African average of 37%. But things are changing fast and the same study estimates that 30% of the population is expected to reside in urban areas as early as 2028.

An issue of such colossal importance, land tenure has, therefore, dominated policy, academic and socio-political discourse in countries like Ethiopia. Accordingly, the purpose of the study report is to generate country-representative and latest empirical evidence on land issues, policy options, and interventions in Ethiopia. For that purpose, the study has employed literature that have examined issues that are deemed to be relevant with respect to the objectives. The study has also focused on secondary and primary data that generated several economic and behavioural variables that would serve as key inputs into the analysis.

## **1.2. Objectives and Research Questions**

The study has set out to generate country-representative and latest empirical evidence on land issues, policy options, and interventions in Ethiopia. It has, therefore, crafted specific research questions that go parallel to the objectives.

Specifically, the study aims to

- a. identify overriding land issues in Ethiopia,
- b. characterize households by their perception on land policy,
- c. investigate land tenure policy options and their likely consequences and suggest feasible interventions for relevant rural and urban land policy in Ethiopia,
- d. investigate the land expropriation and compensation laws and their implementation in rural and urban areas,
- e. identify and profile opportunities, challenges, and constraints arising from land tenure policy, and
- f. suggest short- and long-term policy interventions for land consolidation and specialization, expropriation and compensation, and efficiency of real estate markets.

Based on the objectives, the study attempted to address the following research questions.

- What are the overriding land issues expected as a bottleneck for agricultural production, productivity, commercialization and transformation in Ethiopia?
- How farmers and urban dwellers perceive the existing rural and urban land policies?

- Do farmers understand the economic consequences of land fragmentation and consolidation?
- Are land issues different across regions, areas of residence (rural-urban), land and house ownership (with and without land and/or house), ownership status (private and public), gender, livelihoods (farm and nonfarm)?
- Which policy interventions related to land are relevant to different socioeconomic settings?
- How land issues be linked to livelihoods of populations?
- How land expropriation and compensation laws and rules are exercised in rural and urban areas?
- What are the major challenges and opportunities for designing and implementing relevant land policy in Ethiopia?
- How land will be consolidated for specialization and commercialization of agriculture and efficiency of real estate markets?

### **1.3. Working Hypotheses**

The testable hypotheses of the study are derived based on the research questions poised and the relevant evidence in previous literature. Accordingly, the four research questions serve as pillars for identifying the testable hypotheses.

#### ***Alternative land tenure systems***

A common view is that economic entities at large will start from different perceptions on the ownership and management of land, resulting in heterogeneous preferences for alternative land tenure systems. Following this, the first hypothesis of the proposed study is stated as follows:

***Hypothesis 1:** Households, business entities and governance structures will have identical perceptions of a given land tenure system, leading to homogenous preferences for a spectrum of land tenure systems.*

#### ***Land Issues affect major economic outcomes***

As per the research question 1, economic indicators such as productivity, production, consolidation and commercialization are identified as outcome variables that are potentially impacted by land-related issues. Based on this, it is hypothesized that three sets of land-related issues can act as critical determinants

of the indicators; namely land characteristics; tenure security-conditioning land policies and reform-related programs; land (rental/lease) markets and large-scale land acquisition; and supporting land related project or program interventions.

***Farm household related land characteristics*** previous literature identifies features of land such as access to land factors that have significant powers to determine economic outcomes for individuals and communities.

***Hypothesis 2.1.*** *Land access is an insignificant determinant of land productivity and land related investment.*

### ***Tenure security***

Insecure property rights over land are considered as an important factor explaining productivity in land-related investments in the developing world (Place & Migot-Adholla, 1998; Deininger & Jin, 2006; Holden et al. 2009; Deininger et al. 2011).

***Hypothesis 2.2.*** *Tenure security is not one of the key and persistent determinants of productivity and land related investment.*

***Large scale land acquisition (LSLA)*** LSLA's positive contributions include improved employment opportunities (Otsuka & Yamano, 2006; von Braun & Kennedy, 1994; Cotula et al. 2009; FAO, 2012); income (Alherup & Tengstam, 2016), increased labour productivity, food security, and nutrition (von Braun & Kennedy, 1994), improved access to technology, and upscaling of the physical infrastructure (Cotula et al. 2009).

***Hypothesis 2.3.1:*** *Land policies that range from expropriation to large scale land investment do not contribute to land consolidation.*

### ***Land sales and land markets***

Land sales and land rental markets are market-based instruments that are likely to shape the degree of consolidation and commercialization. In their study of the role of land markets in productivity in China, Deininger and Lin, (2006) and Rozelle *et al.* (2002) argue that the risk of land loss constitutes a form of transaction cost in the land rental markets, which constrains their functioning. Other studies that identify tenure insecurity as a major constraint in the land rental market include Deininger *et al.* (2008), Ghebru and Holden (2008), Lunduka et

al. (2008), and Holden *et al.* (2011), By implication, improvements in tenure security are shown to lead to increased participation in the land rental market (Deininger & Jin, 2006; Holden *et al.*, 2011).

***Hypothesis 2.3.2:*** *Households and business entities (urban and rural) will not have significantly constrained by land market activities (both rental and sales) due to a less than full land tenure security.*

### ***Agricultural commercialization clusters***

Important interventions that create favourable conditions for land transfers/pooling and commercialization include agricultural commercialization cluster (Ecker, 2018). The Agricultural Commercialization Cluster (ACC) initiative is one of the main policy interventions in the agricultural sector in Ethiopia. It was introduced during the first Growth and Transformation Plan (GTP I, 2010-2015) as a mechanism to integrate the Agricultural Transformation Agenda interventions along specific value chains for a limited number of priorities (or high-value) commodities, across the four major agricultural regions of the country: Amhara, Oromia, SNNP and Tigray. According to the Agricultural Transformation Agency (ATA), the ACC initiative aims to increase farmers' income, facilitate market opportunities, enhance agro-processing services, increase the volume of products and create more jobs. The Agricultural Commercialization Clusters are considered to play the role of Centres of Excellence and are being supported in expanding their production and productivity, and in integrating their commercialization activities. Therefore, these areas are meant to serve as 'models for learning' in the process of implementation of the ACC approach and scaling up of best practices across the country (Louhichi *et al.*, 2019).

***Hypothesis 2.2.3:*** *Agricultural Commercialization Clusters (ACC) are instruments that do not affect commercialization directly through maximizing synergies in production of commercial nature. ACC also affect consolidation through pulling together farms into producing similar crops.*

### ***Expropriation/ Compensation laws***

While land expropriation and compensation laws exist in the Ethiopian context, the possibility is that they are incomplete.

***Hypothesis 2.3:*** Expropriation and compensation laws are exercised in rural and urban areas to a fault.

## **1.4. Structure of the report**

The report is structured as follows. The first section of the report presents background about the study, objectives of the study, research questions, and the working hypotheses. Empirical and theoretical review of related literature is discussed in the second section. The third section is devoted to type, source, and methods of data collection tools, and the methods employed. The major findings of the study on access and rights to land; land policy; land registration and certification; land expropriation and compensation; and land fragmentation, consolidation and commercialization are separately reported in the next five sections. The last section concludes the major findings of the study and suggests major recommendations and policy implications arising from the findings.

## 2. REVIEW OF LITERATURE

### 2.1. Overview

The broader, integrative or holistic definition of land takes into account the physio-biotic and socio-economic resources of the physical entity. Because of this, there is no one and single definition on the term land. However, the mostly popularized and very brief description given to this, which is a complete definition may therefore be the following one (already used in the documentation for the Convention to Combat Desertification) (UN, 1994). For the purpose of this paper the definition that is more widely used defines land as a physical entity in terms of its topography and spatial nature, and is often associated with an economic value, expressed in price per hectare at ownership transfer (Takele, 2015).

As per this definition, land as an economic resource, needs putting into its optimal use and the misuse of land does not only waste a scarce resource but also affects other sectors of development. The issue of land everywhere in the world is economically, politically, and socially the most sensitive and significant aspect of human beings. Since long, land has been the major source of controversies, disputes or conflicts among individuals, groups, societies, and countries. This implies that land ownership is extremely a basic state of affairs for individuals, societies and governments. In this regard, the need to tenure reform for former communist countries is in no way an issue that is left aside (Yirsaw, 2013).

The proper utilization of land requires the recording of rights over land and conditions of use and facilitating the smooth transfer, on a market principle or otherwise, to other users (Yirsaw, 2015), more so in developing countries where market and institutional-related failures are rampant. As a result, the conventional wisdom is that design and characteristics of land tenure systems in Ethiopia and the rest of the developing world are critical to the functioning of the economy as a whole. In due recognition of this, a number of international organizations have put the issue of land tenure high on their international policy agenda (e.g, Commission for Legal Empowerment of the Poor, World Bank, Global Land Tool Network (GLTN) (see Augustinus 2005; World Bank, 2006). Similarly, the issue of land tenure systems has been a national policy priority by many countries (Mekonnen et al., 2013; Deininger et al. 2008b) and a number of

reforms and legislations have been passed to that effect, particularly since the 1990s (Deininger *et al.*, 2011).

Despite this, however, comprehensive account of rural and urban land policies, concepts, bottlenecks to its efficient use and transfer seems lacking. Accordingly, the purpose of this section is to survey theoretical and latest empirical evidence on land issues, policy options, and interventions in Ethiopia. The literature review will focus on examining relevant literature on ccontemporary rural and urban land issues in Ethiopia.

The rest of the paper is structured as follows. Section 2 will present conceptual issues on rural and urban land access, land tenure systems and land policy. Section 3 will discuss the land expropriation in terms of laws and actual practices; followed by instruments for land expropriation and commercialization, in section 4. In section 5, outstanding land tenure/use related program interventions are presented while in section 6 key empirical relationships between land tenure security and prominent variables of economic interest are discussed. Section 7 concludes the section.

## **2.2. Demand for and Supply of Land in Ethiopia**

The demand for land stock derives first from the need for agricultural goods and housing, which is essentially a demand for land services. Secondly, it arises from the desire for infrastructure and environment-related projects, a demand often independent of land prices as it is determined by government objectives and other concerns. Thirdly, it takes the form of an asset demand in view of the financial asset characteristics of the land stock (Takele, 2015).

Bacry *et al.*, (2009), also addressed that the role [of land is, therefore, very vast which is] as a hedge against inflation, as collateral for credit operations, and as a component of the diversification strategies of economic agent is subsumed in this third type of demand. The supply of land for the rural and urban sectors is determined by nature – availability, topography, soil fertility – and by the volume and quality of prior investments, including structures. Regulatory constraints affect both the demand and supply of land (Bacry Yusuf *et al.*, 2009).

According to this study, different studies suggest that “land and real estate assets account for 45 to 75 percent of wealth in developing countries, thus playing a unique dual role of serving as inputs into production activities in as well as consumption by households and commercial entities of residential and commercial real estate and infrastructural services” (Takele, 2015).

The Ethiopian economy remains dominated by agriculture. In recent years, this traditional sector has accounted for about 68% of employment and 34% of GDP, but is making up a decreasing fraction of output over time. It is widely accepted that Ethiopia's agricultural growth over the past decades has been central to the economic growth of the country. Official numbers indicate that the value of agricultural production in Ethiopia has more than doubled since 2000 (FAO, 2018). Growth has been attributed to expansion of land and labor use, as well as to the increased use of modern inputs and extension services (Cheru et al., 2019).

Almost all individuals that run activities have applied to acquire land whether they are from the micro-small-scale activities or big real estate developers or the one who needs to establish a small shop, etc. The actual fact is that all activities need a place (i.e. land), which is a scarce resource (Asfaw et al., 2018).

In the past three decades, the supply of land and housing construction did not correspond to the housing needs. Therefore, there is a mismatch between housing supply and housing need by the alarming growing population, 5.5% per annum in the city. This has brought squatting to the inner city and informal acquisition of plots. Land for dwelling house construction has often been allocated far away (approximately 10 km) from the nearest service where basic infrastructure is difficult to find. Therefore, either the dwellers prefer to go to the informal land provider close to the developed area or they leave the land idle for waiting while waiting for infrastructure (Asfaw et al., 2018).

### **2.3. History of the Ethiopian Rural Land Tenure System**

The overthrow of the last imperial government in 1975 abruptly instituted a series of measures that changed the political and economic landscape of the country from a feudal system to a socialist state (Kebede 2002). Among the many radical measures, the land reform proclamation of February 1975 nationalized all rural lands, announcing that all land was now owned by the state and given to farmers on right-to-use (usufruct) basis, organized via peasant associations (Kebede 2008).

Shortly thereafter, in 1975, Proclamation 31, entitled “Public Ownership of Rural Lands”, swiftly set in motion a set of sweeping land reforms that saw the eradication of the landlordism prevalent throughout the country (Rahmato, 1993; Holden and Yohannes, 2002). With only usufruct rights to land permissible, following the land redistribution to the formerly landless, all means of leasing,

mortgaging, transfer, and labour hiring were prohibited (Rahmato, 1993). The farmers' membership in the peasant associations made them *claimants*, endowed with rights such as access, some management rights, and limited exclusion rights. Per the 1975 legislation, spouses enjoyed joint ownership of the land, implying that on paper men and women were entitled to the same land rights. However, women's rights to land depended on marriage and were not registered separately (Crewett *et al.* 2008). Tadesse and Amare (2000) note that the specific position of women also differed across various ethnic groups.

The EPRDF<sup>4</sup>-led government that overthrew the military government (Derg<sup>5</sup>) in 1991 largely maintained the land policy of its predecessor, keeping all rural and urban land under public (government) ownership (Gebreselassie, 2006). Significant changes included formal confirmation that land rights are to be granted to men and women, including the right to lease out land. However, most regions limit the period of the lease and restrict leasing rights to only a share of the farmland. While, in terms of legislation, these are important improvements in women's land rights, divorced women still lack secure land rights, possibly due to informal constraints such as relationships with in-laws which may curtail these rights (Crewett *et al.* 2008).

Despite the dissolution of the Derg regime in 1991, little has changed in terms of overall land tenure policy, with national ownership of land and citizens' free rights to land use remaining intact (Kebede, 2002). However, significant changes included devolution of land legislation at the regional state level, resulting in variation in land tenure administration across the country (Kebede, 2002; Holden and Yohannes, 2002).

The first federal Rural Land Administration and Use Proclamation No. 89 was promulgated in 1997 to provide an umbrella framework for the regional states in enacting rural land administration laws to which the four regional states of Amhara, Oromia, SNNP and Tigray complied (FDRE, 1997). This was followed in 2005 by the landmark revised Federal Rural Land Administration and Use Proclamation No. 456/2005/1997 that clarified rural land use rights and obligations and abolished forced redistribution of land which was the major source of tenure insecurity among the rural population. This Proclamation reaffirms ownership of rural land to the State, but it confers indefinite tenure

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<sup>4</sup> EPRDF (Ethiopian People's Revolutionary Democratic Front) is the ruling political coalition in Ethiopia.

<sup>5</sup> A repressive communist military junta in power in Ethiopia from the 1970s through the early 1990s.

rights to smallholders, i.e. rights to property produced on land, to land succession and to land renting (FDRE, 2005). The four regional states followed suit and revised their land laws to reflect the changes made in the federal law and in cases of Amhara and Oromia regional states, to broaden the rights of landholders. Benishangul-Gumuz and Gambella regional states also enacted their land proclamations in 2010 (Abza, 2011).

The Federal Rural Administration Proclamation in 1997, later revised in 2005, could be considered a major milestone in terms of Ethiopia's land policy since 1975. It is based on this proclamation that the land certification program was initiated. Its implementation led to the distribution of 6 million certificates and demarcation of 20 million plots to farm households across the country, making it the largest distribution of non-freehold certification in sub-Saharan Africa (Deininger et al., 2008; Adinew and Dadi, 2005). In the Amhara Region, the focus of the empirical analysis in this paper, the implementation of the program was spearheaded by the establishment of the Environmental Protection, Land Administration & Use Authority (EPLUA).

A distinguishing feature of the certification program is that it is participatory and is designed to cover all the major regions in the country in a short period of time. Indeed, the very basic technological requirements of the program are conducive to its low cost and rapid implementation. The program is also democratic by design, with involvement of farmers starting in preparation and awareness campaigns, along with the formation of the Land Administration and Use Committees (LAUC). The committee is comprised of farmers and *kebele* and *woreda*<sup>6</sup> officials (Adinew Dadi, 2005).

#### **2.4. The Ethiopian Urban Land Tenure System and Land Lease Policy**

The 1995 Ethiopian constitution draws a broad framework for land policy in the country and enshrines the concept of public land ownership and the inalienability of landholdings. The Ethiopian constitution asserts state ownership of land; there are no private property rights in land. Article 40 sub article 3 (which is about property right) states: "The right to own rural and urban land, as well as of all natural resources belongs only to the state and the people of Ethiopia. Land is an

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<sup>6</sup> Kebele is the smallest administrative unit in Ethiopia, followed by woreda.

inalienable common property of the nations, Nationalities and peoples of Ethiopia and shall not be subject to sale or to other means of transfer,” (Beresaw, 2015).

The EPRDF government that took power in 1991, following the fall of the socialist government – while committed to a free-market philosophy has made important changes on policies of urban land lease holding system. It is believed that lease has been in place as a cardinal land holding system to transfer urban land to appropriate users to the extent possible in accordance with master plan. It is believed that transferring urban land by lease for a fair price, consistent with the principles of free market, will help the expansion of investment and urban land development in particular and overall economic and social development in general. It has been found necessary, arising from these circumstances, that lease has been issued as the exclusive urban land- holding system (Beresaw, 2015).

Despite the government retains the “ownership right” the right to possess, use, benefit from, and dispose of lands, a transaction can take place in a form of lease hold with the lessee having the “right to use” and “benefit from”. As Federal government’s urban land lease holding proclamation No. 80/1993, all urban land is public property and transfer will only be carried out through the lease system (Beresaw, 2015). The government of Ethiopia publicized the urban land is the state property by declaring through the proclamation of 721/2011 Urban land policy (Takele, 2018).

The Ethiopian Land Policy is ratified as per the provisions of Article 40 of the Constitution of the Federal Democratic Republic of Ethiopia that land is the property of the State and the people of Ethiopia and that its use shall be subject to specific regulation by law (Asfaw, et al., 2011). The need for Urban Land Law is necessitated by the sustained rapid economic growth registered across sectors and regions in the country, that has steadily and exponentially increased the demand for urban land, and such development requires prudent and responsive land resources management. Further, the assumptions on the prevalence of good governance are a foundational institutional requisite for the development of an efficient, effective, equitable and well-functioning land and landed property market, the sustenance of a robust free market economy and for building transparent and accountable land administration system that ensures the rights and obligations of the lessor and the lessee (Beresaw, 2015).

Despite the policy measure did not enable the people to have secured land access, the government of Ethiopia had been taking urban land lease system as one of the policy measures aiming to enhance the transfer of land use rights, value the urban land and to encourage investment and the provision of social services

to the residents. According to the Federal Government's urban land lease holding proclamation No. 80, 1993, all urban land is public property and transfer will only be carried out through the lease system (Beresaw, 2015).

## **2.4. The Land Expropriation and Compensation Law in Ethiopia**

The power of expropriation in Ethiopia is vested in the state by virtue of Article 40(8) of the FDRE Constitution (the Constitution) which provides that “the government may expropriate private property for public purposes subject to payment in advance of compensation commensurate to the value of the property”.(FDRE, 1995) This has been amplified, in addition to bilateral investment treaties, by the following statutes: - Expropriation of Landholdings for Public Purpose and Payment of Compensation Proclamation (the Expropriation Proclamation), 2005, - Payment of Compensation for Property Situated on Landholding Expropriated for Public Purposes Regulations, 2007, - The Civil Code of Ethiopia, 1960, Articles 1460-1488, - Urban Lands Lease Holding Proclamation, 2011, Articles 26-31, - Investment Proclamation, 2012, Article 25, and - Regional rural land use and administration laws(Abdo, 2015).

The Federal government has also promulgated the Expropriation of Land Holdings for Public Purposes and Payment of Compensation Proclamation No. 455 in 2005 (FDRE, 2005) and its implementing regulation No. 135 in 2007 (FDRE, 2007) to guide regions in administering land expropriation and compensation fairly and thus enhancing tenure security. The central objective of the Expropriation Proclamation is to take land for investment activities. (FDRE, 2005) It has three main aspects: provisions relating to public purpose, compensable property, and procedural recourses. If properly formulated and implemented, the requirements of public purpose, of compensability and of procedural recourses would have the effect of disciplining government authorities since such procedures would force the state to carefully re-examine its projects, thereby serving as a buffer zone for property holders and preventing overtaking without necessarily handcuffing such authorities (Liu (2008)).

## **2.6. Land Expropriation and Compensation Practices in Ethiopia**

Ethiopia is increasingly using expropriation as the single most important device to take land particularly from small landholders to supply it to corporate farmers and industrialists with a declared intention of boosting economic growth. This is

happening in the context where expropriation laws are inadequate to protect peasants and pastoralists. The state is not paying cash compensation for land use rights, compensation for property on the land is paltry, and uniform rehabilitative schemes are absent. There are also no sufficient administrative and judicial mechanisms in place to restrain the government in exercising its power of expropriation. This is lax expropriation system that runs counter with the country's Constitution which pledges tenure security for small landholders (Abdo, 2015).

The trend in land expropriation implies a reordering of the land tenure system of Ethiopia increasingly in favor of capital. This implies a remaking of the extant land tenure system which is dominated by smallholder agriculture through expropriation of land from such smallholders for 'public purpose' to lease it out to capital. This in turn suggests the beginning of a shift from a land tenure system dominated by subsistence farm holdings to a system whereby land is increasingly deployed to the service of commercial farmers and industrialists with a declared purpose of enhancing economic development. This shift contradicts state policies and laws that at the same time pledge to enhance the tenure security of small landholders through the 'land for all' narrative (Abdo, 2015).

A rise in the use of expropriation by the Ethiopian state is contrary to what has been asserted as a decline in some other jurisdictions (Daniel Weldegebriel (2009a) *infra* note 21; Girma Kassa (2011) *infra* note 21; Belachew Yirsaw, (2013) *infra* note 47; Daniel Weldegebriel (2014d) *infra* note 47; Anthony Harris (2015) *infra* note 76; Daniel Weldegebriel (2013c) *infra* note 139. 2.)

Current expropriation laws are inadequate to protect small landholders because they over-privilege economic development projects. This is related with the fact that the Ethiopian state is not legally obliged during expropriation to pay compensation for land use rights nor is it obligated (or at times not feasible) to give a substitute land. It is also argued that compensation for property on the land is inadequate and that legally and institutionally backed uniform rehabilitative schemes are not built into expropriation measures. (Abdo, 2015)

In their study of land expropriation for purposes of flower farming in the Amhara region Alamineh, A. S., & Eneyew, B. G. (2021) and Alamineh (2018) found that land expropriation was carried out without genuine public consultation, ascertaining popular consent and written notification, with compensation marred by a valuation process of uncertainty and jumping. Moreover, flower farms have negatively affected the livelihood and food security

of peasants, which in turn brought violence, tenure insecurity and strained government-society relations. Further, Mohammed et al. (2021) indicated that peri-urban farmers' evictions from their indigenous land for land re-development are the continuous process that negatively affects the livelihood of farming communities.

## **2.7. Instruments of Land Consolidation and Commercialization**

This review discusses history of policies towards large scale land acquisition (LSLA), land market as instruments for land consolidation. The main land-related agricultural commercialization that we consider in this study is the Agricultural Commercialization Clusters (ACC) and land market participation.

### ***2.7.1. Large scale rural land acquisition***

LSLAs have been increasingly viewed as key to increased performance of the agricultural sector in developing countries, through increased flow of capital into the sector. However, the degree to which they benefit smallholder agriculture has both been controversial and understudied.

Since the mid-2000s, most African, Latin American, Central and South East Asian countries have actively responded to interests in acquiring shares of agricultural land from private and governmental investors from Western, Asian and Gulf countries (GRAIN, 2008; Mann and Smaller, 2010). The motivation from the investors' side is said to include population growth and rising income levels, leading to increased demand for food and production of biofuels (Baumgartner et al., 2015; Haralambous 2009; Mann and Smaller 2010). Such motivation for food security in the investor countries is noted by the coincidence of the surge in LSLAs with the spike in food prices 2007–08 (Cotula, et al, 2009; Deininger et al., 2010; von Braun & Meinzen-Dick, 2009).

In Ethiopia the government has claimed to have put over 3.3 million hectares of land in a land bank meant investment, especially foreign direct investment, of which 2.3 million hectare is already allocated to over 86 national and foreign companies. MoA has been authorized by the proclamation 29/2001 of the council of people representative to administer any large-scale land deal happening in the country where the land size is more than five thousand hectare. Facilitating the transfer has been a mandate of the Agricultural Investment Land Administration Agency, established as per Council of Ministers Regulations No. 283 (2013) and Proclamation No. 29 of 2011.

This land is often found in the lowlands of the nation where sparsely populated pastoralists often live. In the highlands, especially surrounding the capital city and big cities, flower companies have taken substantial land for flora productions. Moreover, globally, several push and pull factors are involved underlying the causes of the large-scale land acquisition. Nevertheless, many problems are cropping up ranging from the way the land is identified for investment, to the manner of negotiation and lease contracts, to evictions, human rights violations, violence, empty promises of compensations, and environmental destructions (Behailu, 2015).

In the case of Ethiopia, the land acquisition takes the form of lease concessions ranging often from 30–50 years (FDRE, 2015), but in other countries outright purchase of large tracts of land is the often-resorted mechanism. Hence, land grabbing is fast becoming the concern of both the local people where the land is situated and the world at large (Behailu, 2015).

### ***2.7.2. Land market participation: a tool for consolidation***

The essence of land consolidation at a household/micro level is related to achieving efficiency in production by equalizing factor endowments. In line with this, Skuofias (1995) and Bezabih (2007) argue that the land market takes the upper hand (compared to other factor markets) in that role. Under conditions where factor markets are working perfectly, households would be able to hire in labor and oxen or rent out land to adjust the cultivated area to other factors of production the household possesses. This would make up for the potential inefficiency in production created by labor/oxen shortage and the resulting “excess” cultivated land in proportion to the availability of labor/oxen. However, the markets for the complementary non-land factors (i.e. labor and oxen) are characterized by notorious imperfections and, thus, cannot play effective factor adjustment roles. The land rental market is then sought as the main mechanism by which households may adjust cultivated area to their access to the semi- or non-tradable factor endowments<sup>7</sup> (Deininger and Binswanger, 1982; Tikabo, 2003).

On the other hand, the extent to which land lease markets contribute to factor adjustment depends on the performance of the land market itself. Hence, the better the performance of the land market in terms of adjusting factor endowments to cultivated area, the higher the agricultural productivity per unit of land.

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<sup>7</sup> By factor endowments, we are referring to land, oxen and active labor that the household has under its possession.

### ***2.7.3. Agricultural commercialization clusters***

The Agricultural Commercialization Cluster (ACC) initiative is one of the main policy interventions in the agricultural sector in Ethiopia. It was introduced during the first Growth and Transformation Plan (GTP I, 2010-2015) as a mechanism to integrate the Agricultural Transformation Agenda interventions along specific value chains for a limited number of priority (or high-value) commodities. The inception of the ACC lies in the ADLI strategy, agricultural commercialization cluster (ACC) approach is promoted, adapted from successful experiences of geographic approaches (also known as economic corridors or clusters) employed in Asian, Latin American and other African countries (ATA, 2016). The ACC initiative targets four regions (Amhara, Oromia, SNNPR and Tigray), which have identified a total of 29 clusters for priority commodities (9 clusters in Amhara, 8 in Oromia, 8 in SNNPR and 4 in Tigray). Priority commodities include the major cereal crops (teff, wheat, maize), horticulture crops (pepper, potato, onion), high-value crops (coffee and sesame), and livestock products (meat, cows' milk, poultry and honey) (Agricultural Transformation Agency (ATA) 2016). The ACC initiative contains clearly defined geographic clusters specializing in priority commodities across the four major agricultural regions of the country: Amhara, Oromia, SNNP (Southern Nations, Nationalities, and Peoples), and Tigray. These clusters are considered to play the role of Centers of Excellence and are being supported in expanding their production and productivity, and in integrating their commercialization activities. Therefore, these areas are intended to serve as 'models for learning' in the process of implementation of the ACC approach and of scaling up of best practice across the country (Louhichi et al., 2019).

The main aim of this initiative is to provide a strategic platform to drive greater integration and more effective execution of multiple and prioritized interventions across priority value chains in each cluster or geographic corridor. More specifically, the ACC initiative has four objectives: (1) driving specialization, diversification and commercialization of agriculture for priority commodity value chains; (2) enhancing production and productivity, quality of outputs, aggregation, value addition and market linkages; (3) providing an integrated platform to implement multiple, priority interventions across the value chains and sectors; and (4) improving focus and coordination among actors in the public sector and private sector, as well as donors and NGOs (Alemu, 2018).

According to the Agricultural Transformation Agency (ATA), the ACC initiative aims to increase farmers' income, facilitate market opportunities,

enhance agro-processing services, increase the volume of products and create more jobs. The Agricultural Commercialization Clusters are considered to play the role of Centers of Excellence and are being supported in expanding their production and productivity, and in integrating their commercialization activities. Therefore, these areas are meant to serve as ‘models for learning’ in the process of implementation of the ACC approach and scaling up of best practice across the country (Elouhichi et al., 2019).

In their study assessing the impacts of this initiative on the performance and livelihood of smallholder farmers in Ethiopia, Elouhichi et al. (2019) ex-ante assess the impact of scaling up, to the respective regions of Ethiopia, the productivity performance achieved by the ‘model farmers’ in the areas (clusters) covered by the ACC initiative, applied to a representative sample of 2,886 individual farm households spread throughout the country, showing that show that upscaling the ACC productivity performance to the respective regions would lead to an increase in production of the main products ranging between 1.8% and 62.6%.

### **3. RESEARCH METHODOLOGY**

#### **3.1. Data**

The data involved two qualitative and two quantitative sets of information. Qualitative data are collected using KII and FGD. The quantitative data comprises of secondary data in the form of the Ethiopian Socioeconomic Survey (ESS) data and the primary data in the form of a household survey data collected for the purpose of this study. The Ethiopian Socioeconomic Survey (ESS) data is a standard survey data that has enabled analyzing issues of interest in the study that tend to be covered in standard household surveys such as the productivity and investment implications of tenure security enhancing measures such as the land certification program. The rural household survey conducted for the purpose of the study has been designed to cover issues such as households' knowledge of and attitude towards the land law, hypothetical questions about willingness to accept a land rental arrangement for agricultural commercialization clusters. Below, we present brief description of the nature of data employed in the study.

#### ***Secondary Data***

The data drawn from the Ethiopian Socioeconomic Survey (ESS), collected for 2018/19. The survey was conducted by Central Statistical Agency (CSA) with the support of the Living Standards Measurement Study (LSMS) – Integrated Surveys in Agriculture (LSMS-ISA) project of the World Bank. While the sampling design has been representative at the national level, as well as for rural and urban areas<sup>8</sup>, the analysis for this study will focus on rural households in Amhara, Oromia and SNNP regions and on urban households in Addis Ababa. The variables employed for this particular study include household information on basic demographics; land holding history and utilization; crop harvest and utilization; and land investment, among other variables (ESS, 2019).

#### ***Sample Survey and Primary Data***

The primary data collection survey covered four core components: questionnaires specific to rural households, federal and regional land administration bureaus, and ministry of agriculture, and Ministry of Urban Development.

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<sup>8</sup> The nationwide sample excludes three zones and six zones of the Afar and Somali regions, respectively.

### ***Rural Household Survey***

For the rural household survey, structured questionnaires that address objectives of the study have been developed using Ethiopian Socioeconomic Survey and similar studies on land use and land policy survey, and the objectives of the study as inputs. The household survey has been conducted on selected sample rural households of the study. During this survey household representatives/ heads have been interviewed in their homes by trained interviewers (enumerators).

The rural household survey has covered 6 woredas drawn from the three regional states (Amhara, Oromia, Southern Nations, Nationalities and Peoples (SNNPR)). A total of 300 households have been included in the survey<sup>9</sup>, with 50 households from each of the woredas. Table 1 presents the sample distribution of households across woredas and regions.

The following steps have been followed to draw sample households from sample woredas. The woreda sampling is based on randomly selecting 1 beneficiary and 1 non-beneficiary keels (for the land certification interventions). This has been followed by randomly sampling households from all the woredas using random sampling. The rural household survey questionnaire would comprise the following themes: awareness of land laws; land tenure security, land certification, agricultural commercialization clusters, and land rental markets.

**Table 1: Distribution of woredas and households by region**

	<b>Region</b>	<b>No. of Woredas</b>	<b>No. of HHs</b>
1	Amhara	2	100
2	Oromia	2	100
3	SNNPR	2	100
4	Total	6	300

Source: Author's computations based on the primary survey results

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<sup>9</sup> We note that the samples could have been weighted by the population of the regions. However, given the large population size of the respective regions and the very small sample size of the actual survey samples, it was deemed more sensible to purposely pick a zone within each region, identify three woredas each and divide up the numbers of households randomly.

### ***Focus group discussion***

Focus group discussions is employed to generate data on urban land issues. FGDs with households, and business owning individuals in urban areas has been designed to generate qualitative information to compliment the findings at rural household level and generate information on urban area land issues. A total of 12 FGDs have been conducted. They were distributed into 2 per town in each of the two towns in/close to the woredas where the rural household survey has been taking place. Each of the two towns have then been selected from the Amhara, Oromia, and SNNP regions. There have been six participants in each group; two such groups in each town of the three towns in each region, making a total of 12 FGD groups. Table 2 presents the sample distribution of focus groups across towns and regions.

In each focus group, a mix of the urban community consisting of six members diversified by land tenure characteristics has been included. Specifically, the composition of the focus group discussants was such that home owners, those who rent from the kebele or private renters as well as business owners have been included in each of the focus groups. The discussions focused on situation of the community before watershed land legislations in urban areas, as well as their perceptions towards the development of current property acquisition practices. In addition, community level facilities have been discussed.

**Table 2: Distribution of towns, focus groups and individuals for focus group discussion by region**

	<b>Region</b>	<b>No. of towns</b>	<b>No. of individuals</b>
1	Amhara	2	24
2	Oromia	2	24
3	SNNPR	2	24
	Total	6	72

Source: Author's computations based on the FGD results

### ***Key Informant Interview***

The stakeholders that are subjects of the key informant-based data collection include MOUD, MOA, development partners, experts on the subject of land etc. In addition, the federal land administration are also targets for the

discussion. Semi-structured interviews with stakeholder individuals form the ground of the urban analysis. In the discussion, respondents' knowledge, attitude and practices related to land tenure and land acquisition issues, including real estate development and management and land acquisition, preferences for fragmentation, property history, and utilization of various property services, property-related decision making are be discussed. The key informant interview has covered respondents across the City of Addis Ababa.

The list of key informant respondents is presented in the Table 3:

**Table 3: Key Informant Respondents by department and organization**

<b>Department</b>	<b>Institution</b>
Land Administration Directorate	Ministry of Agriculture
Crop Improvement Directorate	Ministry of Agriculture
Land Development and Management Bureau	Ministry of Urban and Development
USAID	USAID
Feed the Future Ethiopia Land Governance Activity (LGA)/Project	USAID

Source: author's own compilation

### ***Survey Instruments, Training and Fieldwork***

The survey team comprised of 10 enumerators, 2 supervisors, a key informant interviewer, a data manager and the lead researcher. The key informant part of the qualitative survey is conducted by one facilitator along with the principal investigator who visited and conducted interviews with experts in the relevant offices in Addis Ababa. The focus group discussion part of the qualitative survey is carried out by the same team that carried out the quantitative survey (see below), in three selected towns corresponding to the three survey regions of the quantitative survey.

For all the three survey locations, two teams each consisting of supervisors and five enumerators have been deployed into survey sites. The selection of enumerators has been based on educational level, conversant of the local language, communication skills in English, past experience of the similar survey, interest to work in the study areas will be taken into consideration.

All interviews and discussions have been conducted in Amharic and Afan Oromo verbally. Ten enumerators and two supervisors have been trained for one day and on CAPI (Computer Assisted Personal Interview). The training session have had two core components—theoretical and practical sessions. The training session mainly will cover the rationale and objectives of the study, sampling techniques, and communication skills during data collection and data collection using tablets, key terminologies of the study as well as the ethical consideration of the survey.

The Principal Investigator of the study has coordinated the overall field logistics arrangements of the survey. Supervisors followed, have assisted and oversaw quality check of the day-to-day activity of the quantitative survey for completeness and consistency.

The fieldwork has taken about 20-days to administer, for a total of 300 observations. Enumerators, assisted by supervisors, synced the data every two days to the server which is directly controlled by the programmer. The programmer then exported the data to STATA files and shared it with the research lead.

## **3.2. Empirical Methods**

The data analysis consists of a mix of descriptive statistics and econometric techniques that are aligned based on the mixed qualitative-quantitative nature of the primary and secondary data.

### ***3.2.1. Land and household characteristics***

Descriptive analysis and mean difference test are employed to assess heterogeneity across stakeholders on the following variables of interest: land access, farm size, perceptions of alternative land tenure systems, and tenure security.

### ***3.2.3. Impacts of land tenure security on land productivity and land-related investments***

#### ***a. The propensity scores matching method***

The analysis of the impact of tenure security on variables of economic interest such as productivity and land related investments, is based on the propensity scores matching method. The main purpose of the propensity score estimation is to balance the observed distribution of covariates across households

in the tenure insecure (control) and tenure secure (treatment) groups. When being part of the treatment group is independent of outcomes, given the observables, then the relevant summary statistic to be balanced between the two groups is the conditional probability of participation, called the “propensity score” (Rosenbaum and Rubin, 1983). The first step of computing a propensity score in PSM is to estimate a standard probit or logit model of probability of being certified.

$$H_{it} = \alpha + K_{it} + v_{it}, \quad (2)$$

where, for household  $i$  and year  $t$ ,  $H_{it}$  is a dummy variable representing being tenure-secure or not;  $K_{it}$  is a vector of variables used as determinants of the likelihood of being tenure secure; and  $v_{it}$  is the error term. The predicted values are used to estimate the propensity score for each observation in the treatment and the control samples. The comparison group is then formed by picking the observation with similar characteristics for each participant (Jalan and Ravallion, 2003).<sup>10</sup>

The propensity score is given by:

$$e(x) = \Pr(w = 1)|X = x = E(w|X = x), \quad (3)$$

where  $w$  is the indicator of exposure to treatment, and  $x$  is the multidimensional vector of pre-treatment characteristics. The choice of covariates to be included in propensity score estimation is based on the principle of maintaining a balance in using common variables and at the same time meeting the common support criteria.

For each variable and propensity score, the standardized matching is computed before and after matching as:

$$SB(X) = 100 - \frac{\bar{X}_t - \bar{X}_{NT}}{\sqrt{\frac{\bar{V}_t(X) - \bar{V}_{NT}(X)}{2}}} \quad (4)$$

where  $\bar{X}_t$  and  $\bar{X}_{NT}$  are the sample means for the treatment and control groups, and

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<sup>10</sup> Several matching methods have been developed to match participants and non-participants of similar propensity scores, all asymptotically yielding the same results (Caliendo and Kopeinig, 2008). In this instance, we choose the nearest kernel matching method.

$\bar{V}_t(X)$  and  $\bar{V}_{NT}(X)$  are the corresponding variance (Caliendo and Kopeinig, 2008). The bias reduction (BR) can be computed as:

$$BR(100) = 100 - \left(1 \frac{BX_{after}}{BX_{before}}\right). \quad (5)$$

***b. Conditional expectations and treatment effects***

In this section, an attempt has been made to show how to estimate the average adoption effect of tenure security on agricultural productivity and land related investment. There are three post-estimation parameters that are most commonly of interest. The first is the average treatment (tenure security) effect on the population (ATE). This is the unconditional average treatment effect, which answers the question of how, on average, the agricultural productivity/tenure security would change if everyone in the population of interest had been “treated (tenure secure)”, relative to none of them not being tenure secure. The second is the average treatment effect on the tenure secures (ATT). This is the average change in the outcome variable for the tenure secure group as a result of belonging in the group. The third is the average treatment effect on the non-treated (ATU), under the counterfactual situation where everyone who is tenure insecure had in fact become tenure secure.

In observational studies, where the investigators have no control over the assignment of the package of adaptation practices, the tenure security level is likely to be dependent on outcomes and thus a biased estimator of the ATE. However, the ATT and ATU are used to compare expected net farm income of adopters and non-adopters with the counterfactual hypothetical case that adopters did not adopt and vice versa. Following Carter and Milon (2005), the expected net farm income under the actual and counterfactual hypothetical cases are computed as follows:

Tenure security with tenure secure categories (actual):

$$E(R_{2i}|I = 1) = M_{2i}\vartheta_i + \vartheta_i\lambda_{2i} \quad (6)$$

Tenure insecure without tenure security categories (actual)

$$E(R_{1i}|I = 1) = M_{1i}\vartheta_i + \vartheta_i\lambda_{1i} \quad (7)$$

Tenure secure had they been tenure insecure (counterfactual):

$$E(R_{2i}|I = 0) = M_{2i}\vartheta_i + \vartheta_i\lambda_{2i} \quad (8)$$

Tenure insecure had they been tenure secure (counterfactual):

$$E(R_{1i}|I = 0) = M_{1i}\vartheta_i + \vartheta_i\lambda_{1i} \quad (9)$$

These expected values are used to compute unbiased estimates of the effects of tenure security on tenure secure group and on non-tenure secure group. The tenure security effect on the treatment group (ATT) is defined as the difference between Equations (6) and (7):

$$ATT = E(R_{1i}|I = 1) - E(R_{2i}|I = 1) = M_i(\vartheta_j - \vartheta_1) + \lambda_{ij}(\sigma_j - \sigma_1) \quad (10)$$

Similarly, the average effects of treatment on non-tenure secure group (ATU), i.e., the counterfactual effects of tenure security on the control if they had been treated, is computed as the difference between Equations (8) and (9):

$$ATU = E(R_{ij}|I = 1) - E(R_{i1}|I = 1) = Z_i(\vartheta_j - \vartheta_1) + \lambda_{ij}(\sigma_j - \sigma_1) \quad (11)$$

#### 3.2.4. *Estimating Willingness to Accept (WTA) for ACC-type land contracting*

A Logit model could be applied to estimate the probability that the respondents would accept a given monetary value. The underlying model is:

$$\text{Probability(Yes)} = 1 - \{1 + \exp[A_0 - A_1(X)]\}^{-1}$$

where  $A_0$  and  $A_1$  are the coefficients to be estimated and  $X$  is the WTA monetary value the respondent is asked to accept. In terms of the  $A_1$  coefficient, it not only refers to the bid amount the respondent is asked to accept but also includes the respondent's demographic information, such as age, education, revenue, etc. As such, according to Hanemann (2001), given that WTA is a random variable, the expected value of WTA can be calculated by the following formula.

$$\text{Mean WTA} = \frac{B_0}{B_1}$$

where  $B_1$  is the coefficient on the bid amount and  $B_0$  is the grand constant calculated as the sum of the estimated constant plus the product of the other independent variables times their respective means.

## 4. ACCESS AND RIGHTS TO LAND

### 4.1. Access and Rights to Rural Land

The KII with concerned bodies regarding rural land administration revealed that rural land access is largely governed by the land administration proclamation (FDRE, 2005). The proclamation is based on the principle of access to all for the purpose of farming the land, relying on the premise that village level (re)distribution and inheritance cover for the dynamic demand for land. In practice, however, both means have exhausted their capacities in most instances, leading to an emerging generation of landless rural residents. Given the size of the rural population, it is the opinion of many of our KII discussions that the issue of landlessness is bound to go beyond being a land policy issue to become a national, political and economic issue that cannot be ignored for long.

The discussion regarding access to rural land and tenure security that are presented in the four sub sections below is based on analysis from primary rural household survey data, which we present below.

#### 4.1.1. *Salient aspect of land holdings*

Table 4 presents descriptive statistics on perceptions of tenure security. Six different measures of perceptions of tenure security that have been considered in the analysis are: perceived tenure security, land ownership, use right, joint use right, ownership right, and bequeath right. 80 per cent of the households believe that parcel is not likely to be taken away from them in the next five years while 87 per cent believe to have land ownership that is either granted to them by the government, inherited or purchased. A slightly higher proportion (90 per cent) believe they have a use right and only 11 per cent have joint use right with individuals who are not members of their household. Around 87 per cent believe they have bequeathed rights. A lower percentage of households (65 per cent and 7.5 per cent respectively) perceive to have joint ownership and joint bequeath rights. Over all, despite the land ownership right not being full, a very high proportion of the households perceive to have solid rights over the use of their land and bequeathing the land.

**Table 4: Land right and perceived tenure security indicators**

<b>Variable</b>	<b>Description</b>	<b>Observations</b>	<b>Proportion</b>
Tenure security <sup>11</sup>	Perceived tenure security (=1 if parcel not likely taken in the next 5 yrs.)	7103	0.80
Landownership	=1 if granted, inherited or purchased	8365	0.87
Use right	=1 if member have use right	8365	0.90
Joint use right	=1 if joint use right with nonmember	7514	0.11
Ownership	=1 if member have ownership right	7455	0.65
Joint ownership	=1 if joint ownership with nonmember	4878	0.075
Bequeath right	=1 if members have bequeath right	7451	0.87

Source: Authors' Computation from ESS, 2019

Table 5 shows the socioeconomic variables, perceived tenure security and land rights for perceived tenure security and land ownership groups. 16 percent of the survey households are female headed and the remaining 84 percent are male headed. Similarly, Table 5 has also indicated that 16 percent and 13 percent for perceived tenure security with yes and no response respectively compared to 17 percent and 10 percent of land ownership with yes and no respondent respectively. Average household size of full sample has been 5.31, with 5.30 and 5.44 for perceived tenure security for yes and no respondents as compared with 5.31 and 5.34 for yes and no respondent in land ownership groups. Further, Table 5 has indicated that 16 percent and 17 percent tenure secured and landowners have female households respectively. Regarding to TLU which has been a wealth indicator among the survey respondents, the non-perceived tenure secured households have around 3.25 TLU whereas the no respondent for land

<sup>11</sup> The exact survey question used for this indicator is “How likely are you to involuntarily lose ownership or use rights to this [PARCEL] in the next 5 years?” Households are classified as tenure secure if they answer “Not at all likely”.

ownership have 3.44 TLU. In this regard, much difference was observed among land ownership group than the perceived tenure security groups. In terms of education the no respondents in both perceived tenure security and land ownership group have shown better performance in literacy than the yes respondent did.

Except in female, male adult, literate, land holding, TLU, forest, secondary school and plot distance there is no statistically significant difference among perceived tenure security and land ownership households. There has been statistically significant difference in yes and no respondents in perceived tenure security for household size, female household head, literate, land holding, TLU, forest, water and secondary school. There have been no statistically significance difference have been observed among yes and no respondents in perceived tenure security in male adult, number of oxen, secondary school and distance to plots variables. In education, no respondents in both perceived tenure security and land ownership have shown better performance (which was 43 and 50 percent respectively) than yes respondents in both groups (which was 40 and 42 percent respectively).

**Table 5: Descriptive statistics of socioeconomic variables, by perceived tenure security and land rights**

Variable	Full sample Mean	Perceived Tenure Security			Land ownership		
		Yes	No	Diff.	Yes	No	Diff.
Household Size (counts)	5.31	5.30	5.44	0.14**	5.31	5.34	0.04
Sex of the household head (1=Female)	0.16	0.16	0.13	-0.03**	0.17	0.09	-0.07***
Number of male adult members	1.91	1.91	1.95	0.04	1.92	1.83	-0.09***
Literacy status of the household head (=1 if read & write)	0.42	0.42	0.43	0.02**	0.40	0.50	0.10***
Total land holding in hectare	0.94	0.89	1.08	0.20***	0.87	1.39	0.52***
Number of oxen	3.01	3.56	1.19	-2.37	3.25	1.35	-1.90
Tropical Livestock Unit (TLU)	2.92	2.85	3.25	0.40***	2.84	3.44	0.61***
Perc. of forest-covered land in the community	14.61	14.20	15.69	1.50***	14.50	15.37	0.87**
Access to water in the community (=1 yes)	1.76	1.76	1.74	-0.02**	1.76	1.76	0.00
Distance to the nearest govt. secondary school (KM)	7.17	7.15	7.21	0.06	7.06	7.90	0.84***
Plot Distance from home (KMs)	1.97	1.67	2.25	0.58	1.60	4.46	2.85***

Source: Authors' Computation from ESS, 2019

\*  $P < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

#### 4.1.2. Perception of future land holdings

Farm households' perception of land tenure security is vital for long-term land related decisions like investment. Farmers' perception of land tenure security is influenced by factors such as their subjective understanding of their legal tenure status, and institutions that may be required in cases of land conflict

Table 6 summarizes respondents' perception on land tenure security, measures taken by households to maintain land ownership, and land conflict related issues. Respondents were asked if they have any land with holding rights. Almost all of them respond that they have land with holding rights. Further, 30 percent of the respondents feel that the land belongs to the government although they have some form of holding to the land. Table 6 also summarize the future expectation of respondents about their land holding. More than 75 percent expect no change in land holding, while nearly 20 percent expect a decrease in their land holding. The main reasons cited for expecting future change in land holding are redistribution of land among family members and inheritance.

**Table 6: Land holding and future expectations**

Perceptions and expectations	Response (%)
Who do you feel the land you farm belongs to? (N=299)	
Yourself	67.89
Government	31.44
Other (specify)	0.67
What do you expect about changes in the size of your land holdings over the next five years (N=217)	
Increase	4.61
Decrease	19.82
No change	75.58
What is the main reason for an expectation of change in land holding? (N=53)	
Village redistribution	5.77
Land reallocation ( <i>shigishig</i> )	3.85
Family redistribution	76.92
Inherited from parents	9.62
Bequest/gift to others	3.85

Source: author's computation from survey

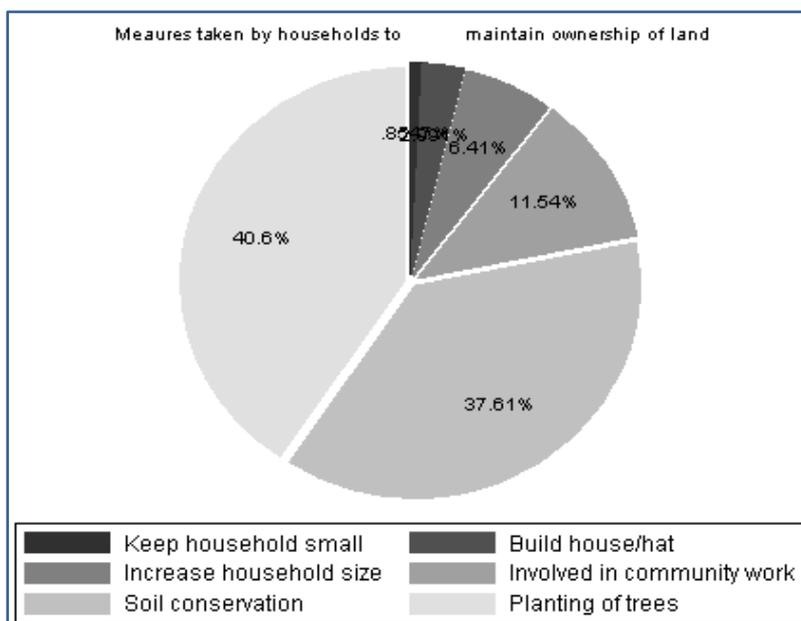
To understand the changes and driving forces of land fragmentation over time, respondents have been asked a set of questions about changes in their land size in the past and their expectation in the future. About 8 percent of the respondents' report that there has been a change in their land in the last five years.

In addition to their past experience, respondents have been asked about their future expectation about their land holding. Close to 76 percent of them do not expect a change in their land size in the future. On the other hand, about 20 percent expect a decline in their land holding in the future, and 4.6 percent expect an increase. Such expectations of future changes in land size are basically due to family redistribution, inheritance and land reallocation.

#### 4.1.3. Measures households take to maintain ownership of land

Respondents have been asked whether they take any active measures to maintain ownership of their land. About 78 percent respond that they take various measures to maintain their land. As shown in the figure below, planting trees and soil conservation activities are the main strategies used by households to maintain their ownership. Other measures include engaging in community works (11.5%), increasing household size (6.5%) and building houses. The remaining 22 percent of the respondents do not take any measures because they believe the land belongs to either kebele or the state.

**Figure 1: Measures to maintain ownership of land**



#### 4.1.4. Perceptions of land related conflicts

When they are asked whether they had faced land related conflict over the five years preceding the survey, only a small percentage of the respondents (8 %) of them have replied in the affirmative and the vast majority (92 %) reported that had not faced any land related conflict. The 24 sample respondents who reported to have faced land related conflicts have been asked to specify the causes for the conflict and their responses are summarized in Table 7.

**Table 7: Distribution of Respondents by Causes of Land related conflicts (N=24)**

Causes for land related conflict	percentage
Exceeding boundaries	75.00
Inheritance	8.33
Other	16.68

## 4.2. Access and Rights to Urban Land

### 4.2.1. Urban land supply and modalities to access

As per the discussion with the KII, the main access to land (modality) are two: auction/bid and administrative placement. The first system, bid, involves the business applicant having his business proposal evaluated as per the merit of the project. Bid applies for residential plots too, when the targeted plots are well above the commonly average sizes.

The guiding principle for allotment of land for large investment purposes is to match the project nature with the land availability. Any project proposal is first submitted to the city administration. The allocation will be approved by the regional/city administration cabinet, as the case may be. The allocation will then be directed to the respective areas [City condominium (*legetafo*), industry (*gelan, dukem, sebata*); milk and water (*sululta*)]. Exceptional projects with (*liyu hagerawi fayda*) /allocation will be directed to the respective areas. Actual processing will then take place, including compensation, expropriation, certificate and agreement signing.

The discussions with the KII and urban FGDs indicated that land supply for business and residential purposes for such needs or for the needs of the community as a whole seriously shortfalls demand. Even in plots under the custody of the holder, individuals get through a lot of hassle just to build property on their plots.

The administrative placement system has initiatives from the governing body where the city administration provides for housing for those who organized under association/*mahiber*.

For access to residential plots, the FGDs from the urban areas revealed that accessing access land/more land in the same arrangement (through lease, rent, sublet, *mahiber (association)* needs expansion to meet the massive demand. There have been efforts to get civil servants and the police force members organized into *mahiber* to grant them land access. There have also been efforts to provide *kebele* housing to the elderly, the disabled, and the orphans. However, these efforts barely scratch the surface of the ever-compounding urban housing access problems.

The opinion of the respondents in the FGD has been that land ownership could continue to be under government but there have to be rooms for utilization of land as the possessor of the land wishes buying and selling as well as inheritance. There also needs to be a policy that allows for sale or renting of a property on property built on the land. They have also opined that there needs to be a redistribution policy that enables reallocation of land from those who have excessive holdings to those who donot. This enables address equity issues and reduce landlessness.

The FGD discussants have also pointed to massive inefficiency in land use. There are so many unused kebele property houses or big land area enclosed that remains unused. Despite residents repeatedly lodging complaints about them being allowed to access the land or the houses, their questions are largely ignored. On the other hand, the respondents also opined that it is customary to see rich residents/investors supposedly bribing officials and acquiring land or property unused otherwise. The lopsided nature of access to land also needs correcting.

A greater proportion of the complaints aligned with administrative bottlenecks to processing any land related matters including lengthy processing times, lengthy time spent on resolving land related conflict, bad administration, keeping low-income residents from acquiring land by making the process of land acquaint cumbersome, time and resources consuming beyond their capacity. The respondents also complained of a tendency to play favoritism to richer clients and tendency to disproportionately accrue land holdings by officials. There is also lack of willingness and positive attitude towards legalizing holdings by administrative bodies, and lack of accountability and transparency and problems with the very organization of administrative tasks not being time and cost efficient.

### ***5.1.1. Understanding of land laws and grievance redress mechanisms***

The level to which land users exercise their rights to land depends on their grasp of the land laws. This examination using FGD has been probed along three lines: inheritance, expropriation, and land/ property rental laws. As per inheritance, the communities have exhibited a thorough understanding of relevant land laws. Regarding inheritance arrangement in their community, the respondents underlined that land owners are entitled to inherit land to their children (biological or adopted), as long as the children can verify or bring witnesses of their relationship to the inheritor. The limit to legalizing inheritance expires within five years of the death of the inheritor. The beneficiary of inheritance is also expected to provide evidence of map and certificate of holding as well as receipt of payment of land taxes. The entitlement to inheritance also, in some instances, applies to close relatives. The respondents have stated that land could be expropriated from the owner if the owner is absent for more than 15 years. As per land rentals, rental arrangements were understood to be possible for up to three years with official contracting required if the land rental applies for longer than a three-year length.

The general attitude towards the current land policy is that it is inadequate. The policy does not give land ownership rights along with renting selling, building a property and selling it, resulting in low tenure security. It will be all round beneficial if the land policy allowed the use of land as a collateral for credit. The current policy has, for all intents and purposes, deprived the feature of land as a production capital. The policy is not conducive for private owners or even investors.

Based on this policy direction land access should include certifying holdings, there is a desperate need for land redistribution or distribution. There is a need to make use of the available land in a modern, technology backed and efficient land use system to ensure that land is used efficiently and equitably. Land certification would help increase tenure security. There is a need to build a system that purges out bribery and punish the perpetrators for it. There is a need to expropriate land that is not put to use by investors for a long period of time. There is a need to build an institution that has grievance redress mechanism as its main objective.

Respondents have been probed on the kind of support they have gotten, how was their grievances have been handled and what their views were on how future problems related to land be handled. They have stated that grievances are either largely left unattended altogether or the process is too slow. The officials

in charge lack the commitment the job of grievance resolution demands; there is a high turnover of officials creating discontinuity in processing cases and requiring the issue to start all over again with the arrival of new officials. Lack of systematic and organized grievance redress mechanism lead the cases to be handed in *ad hoc* manner. Unless there is investment in modern technology based, organized, systematic, accountable and transparent redress mechanism established in the future, we don't see improvement in handling of matters. There is a practice of lip-service and lack of genuine will to address grievance matters.

An obvious reason for this is that maladministration-in terms of misuse and misallocation- could have contributed to mismatch between land demand and supply. Attributing this to just problems with government ownership/ administration would be looking through the issue through a narrow focus.

## **5. ETHIOPIA'S LAND POLICY**

### **5.1. Rural and Urban Land Administration**

The issue of land administration is at the heart of any land policy which, in this study, is assessed using KII from federal land administration bodies for urban and rural land.

The policy has been backed by extensive efforts to focus on capacity building with trainings at regional- and university-level. The policy also focused on provision of technology to make land administration open, efficient and transparent.

It should be noted that the Amhara and Oromia regions have started the process of merging their respective rural and urban administration systems. Tigray region had also passed a resolution to merge the administration of rural and urban lands. However, this process of merging involves intricate set of bureaucratic and administrative legwork, which is still underway.

In terms of administration, it should be noted that the Amhara and Oromia regions have started the process of merging their respective rural and urban administration systems. Tigray region has also passed a resolution to merge the administration of rural and urban lands. However, this process of merging involves intricate set of bureaucratic and administrative legwork, which is still underway.

There is a massive challenge in the synchronization between rural and urban land administration. This is despite potential benefits and good meaning attempts that have not borne much fruit. Potentially, the rural and urban cadaster can easily be synchronized into one format. However, the actual activities from the steering committee that has been formed under initiatives from USAID seemed to have faced reluctance from both bodies of administration in terms of taking real strides in the steering committee. The transfer of urban and rural land even those that are already registered has been useless when they became urban land. The regions also have the same problem: the Amhara region rural land administration bureau is more powerful leading to power imbalances with the urban bureau.

The other challenge is also with respect to synchronizing land use and utilization. The integrated land use planning project, the outputs of which has been submitted to the Plan and Development Commission is one potential for

integrating rural and urban land use into one. However, the progress with it seems to have stalled.

The KII also identified the overarching institutional challenge one of which is the weakness in the institutional relationship across the relevant federal offices and between federal and regional offices. Whereas implementing institutions have strong capacity at a regional level, particularly in the Amhara region, as the region-level institutions are filled with individuals qualified for the respective posts. On the contrary, the corresponding federal level posts tend to be filled by a supposedly all-rounded individuals expected to fit into all sorts of posts. The second challenge emanates from the fact that resources at every levels of MoA and the government relating to manpower are limited. There is a fast experts' turnover; there is lack of expertise matching the position and there is the sectoral challenge of experts working on land administration tend to be poached to city-based positions.

Finance is the fifth challenge where implementation of land-related legislations and initiatives has so far been project-related, thereby limiting planning. Finance for many such activities is also so limited that some woredas just get just their operating budgets. The fourth most important challenge is the rigidity of the land policy [land policy does not get updated as quickly as the legislations, understandably because it is politically sensitive]. For instance, the use of land as collateral for credit, while touted as one of the benefits of the second stage-land certification, is not incorporated into any land administration legislation. Hence the use of the land as collateral is based on the discretionary the National Bank. Partly because of this, some regions have been reluctant to use the collateral-related advantages of the land certification because the credit provisions are not exactly backed up by a clear land legislation/policy towards that.

The sixth challenge involves how policy disputes get rectified between the regional and the federal bodies. As things are the mandates of the federal and regional governments seem pretty cut out, with the federal responsible for drafting and rectifying jurisdictions and the regional responsible for drafting implementation guidelines. Any differences will be sorted prior to the rectification and mutual understanding between the two bodies. Unsettled disputes, in principle, can be taken to court.

## 5.2. Urban Lease Policy and Practice

Assessment of urban land lease policy and practice is conducted using the KII with the relevant bodies. Accordingly, under normal circumstances, the city administration values the properties, will register the land, transfer the land, the lease will register and certify the land. Except for inheritance, all transactions since the policy came into effect will be subject to lease. One thing that stands out is the industrial park issue and sub-lease concept is out of the policy. The industrial parks acquisition of the land is directly ordered by the political powers and subleasing process is handled by the industrial parks corporation. This limits city administrations' mandate to just handing over land to the respective parks. As a result, the sub lease transaction will not be captured by the city administration.

The guiding principle for allotment of land for large investment purposes is to match the project nature with the land availability. Any project proposal is first submitted to the city administration. The allocation will be approved by the regional/city administration cabinet, as the case may be. The allocation will then be directed to the respective areas [City condominium (*legetafo*), industry (*gelan, dukem, sebeta*); milk and water (*sululta*)]. Exceptional projects with (*liyu hagerawi fayda*) /allocation will be directed to the respective areas. Actual processing will then take place, including compensation, expropriation, certificate and agreement signing.

One of the challenges to the implementation of the policy has been that legal frameworks have not been properly operationalized from federal to regions and cities owing to capacity limitation from federal to regions and cities. Despite extensive capacity building efforts, staff turnover has been very high, leading to lack of efficiency and continuity in bureaucratic tasks focused on land administration. There has been a limitation in technology provision, although the efforts put into modernizing and digitizing land administration tasks have been considerable. From the users/land holders perspective, there has been low level of awareness among the public and lack of trust in formal administration channels leading to tendency to move towards informal rather than formal means of obtaining services.

The KII expert interview also revealed that administrative problems in land use revolves around the fact that land under government administration, and not under an independent body means there is a conflict of interest between governance of an entity like land and political mandates. To solve this, an

institutional innovation that borrows from countries with public land ownership systems is discussed in (Diriba, 2022). As a result, land tends to remain a political tool and government administration which makes it open for bribery and corruption. This includes favoritism through kinship; bribery; expropriating from the poor through unfair prices and a major source of commerce for government officials. The flourishing of informal settlements has also been partly associated with lack of trust and awareness on the workings of formal channels.

### 5.3. Impact of land policy variables on key economic variables of interest

#### 5.3.1. Impact of tenure security on land productivity

Tenure security is a parameter that is of interest for virtually every economic policy. Accordingly, in this study, we use the ESS survey data to assess the impact of tenure security on agricultural productivity. As per Table 8, the PSM results revealed that perceived tenure security has negative impact on productivity while tenure security, measured by land ownership, lead to increased productivity. This indicates that, just like previous literature the impact of tenure security on agricultural productivity is ambiguous.

**Table 8: ATT of perceived tenure security on agricultural productivity (output in kg per ha, ln)**

Matching method	Perceived tenure security	Land ownership
Kernel	-0.147*** (0.0507)	0.319*** (0.0973)
NN (Caliper=0.01)	-0.159 (0.100)	0.202* (0.110)
Observations	6429	7586

Standard errors in parentheses

Source: Authors' Computation from ESS, 2019

\*  $P < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Source: Author's computation from the survey

### 5.2.2. *Impact of tenure security on land-related investments*

Another important impact of tenure security that is important in the context of land policy is land-related investment. Consistent with the hypothesis we set out to test on the impact of tenure security on agricultural productivity, the PSM results indicated that, while in both tenure security measures enhanced land related investment overall, it leads to significantly higher investment gains in the manure and compost categories (Table 7). However, erosion prevention and other soil fertility measures are inconsistently impacted by tenure security

**Table 9: ATT of Perceived tenure security on land related investment**

Agricultural investment	Kernel matching		NN (Caliper=0.01)	
	Perceived tenure security	Land ownership	Perceived tenure security	Land ownership
Manure	0.0832*** (0.0145)	0.204*** (0.0104)	0.0363 (0.0257)	0.133*** (0.0222)
Compost	0.0127** (0.00641)	0.0348*** (0.00322)	0.0189* (0.0107)	0.0272*** (0.00895)
Erosion prevention	-0.00347 (0.0141)	-0.0478*** (0.0180)	0.0167 (0.0184)	-0.0457* (0.0240)
Soil fertility management	0.0185 (0.0148)	0.0465** (0.0217)	0.0218 (0.0237)	0.00486 (0.0256)
Number of observations	6992	6992	6992	6992

Standard errors in parentheses

Source: Authors' Computation from ESS, 2019

\*  $P < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Source: Author's computation from the survey

### 5.2.3. *Impact of ACC on land productivity*

Yet another land-related policy measure is the ACC which is likely to have impact on productivity. For that purpose, the study employed the ESS survey data to assess the impact of ACC on land productivity. The propensity matching model has been used to compare observed and counterfactual farm revenues conditional on whether farm households adopted ACC. Table 10 compares the expected farm revenues of households that adopted ACC versus those who did not.

The decision to adopt ACC for all crops will lead to a gain of 6 kilos compared to the decision not to adopt the technology by the same set of households. This gain is calculated as the difference between the yields of adopting households who adopted and the same set of adopting households if they did not adopt. The t-test shows significance, indicating that the difference is statistically significant.

**Table 10: Impact of ACC on productivity**

<b>Matching technique</b>	<b>Matching parameters</b>	<b>All crops</b>	<b>Cereals</b>
Radius	Caliper=0.01	0.06 (0.04)	0.02 (0.04)
Radius	Caliper=0.05	0.07 (0.05)	0.02 (0.04)
NN	NN=3	0.07 (0.06)	-0.02 (0.06)
NN	NN=5	0.07 (0.06)	-0.02 (0.05)
Kernel	BW=0.06	0.07 (0.05)	0.02 (0.04)
Observations		9635	5004

Standard errors in parentheses

Source: Authors' Computation from ESS, 2018/19

\*  $P < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Source: Author's computation from the survey

We then compared the farm income for households that adopted ACC or if they did not adopt it for various crops types in Table 11. This particular analysis shows that adoption of an ACC practices leads to higher yield gains except for vegetables and root crops. The implication is that while overall beneficial, ACC might not lead to synergetic gains across all crop categories.

**Table 11: Impact of ACC on yield and value per hectare of various crops types**

<b>Matching technique</b>	<b>XXX</b>	<b>Pulses</b>	<b>Vegetables</b>	<b>Root crops</b>	<b>Fruits</b>	<b>Coffee</b>
Radius	Caliper=0.05	0.09 (0.14)	-0.07 (0.51)	-0.44 (0.55)	-0.08 (0.76)	0.08 (0.51)
NN	NN=3	0.13 (0.14)	-0.06 (0.44)	-0.57 (0.51)	0.17 (0.71)	0.27 (0.59)
NN	NN=5	0.14 (0.15)	-0.08 (0.39)	-0.35 (0.38)	0.42 (0.57)	0.22 (0.37)
Kernel	BW=0.06	0.10 (0.17)	-0.19 (0.59)	-0.48 (0.38)	-0.02 (0.56)	0.17 (0.53)
Observations		824	317	688	639	628

Standard errors in parentheses

Source: Authors' Computation from ESS, 2018/19

\*  $P < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Source: Author's computation from the survey

## **6. LAND REGISTRATION AND CERTIFICATION**

### **6.1. Rural Land Certification Process**

The process of land certification has been analyzed in this study based on observations from the KII. Accordingly, the second stage certification commenced in the year 2014/2015, covering four regions and has so far issued certificates to 17 million parcels with a total of 25 million registered and under the process of certificates being issued. 2<sup>nd</sup> stage certification features include Aerial photograph, Region, Name, woreda, Owner's name, Size, Day of issue, Parcel code, Photograph of owners (for Oromia, in particular).

Compared to the first stage certification, the second stage certification is primarily seen as a more solid way of issuing certificates in terms of providing exact size and physical location. There are also additional features from first stage certification which it expanded on such as communal lands, and religious institutions- that are all are mapped in the second stage. A link to the first stage certification and indeed to evidence of holdings comes in the form of the first stage certificate papers, court letters, and the likes.

The actions were funded through a joint-government-donor effort. Major donor efforts have been DFID which supported the LIFT program (to be followed up by the LIFT-UP program) and the RILAS by the Finnish government (covering the Benishangul and Gambella regions).

Project based certification supports include the Sustainable Land Management Program (SLMP), RLLP-watershed based (covering watershed-focus woredas), LIFT (covering all woredas), Climate action through landscape management (the leftover woredas issuing 900 thousand certificates by itself). The government actions are covered from regular budget. Despite this, however, there are major challenges to funding as evidenced by most activities linked up to subsidiary projects making planning difficult.

The registration and certification activity has been carried out by a team of four groups including woreda steering committee, the land administration committee, the public awareness group, public awareness group, and the GIS surveyor. Woreda steering committee will oversee the land administration committee's activities and will be composed of the following: woreda administration, women's affairs, courts, justice, and woreda land administration office. The land administration committee is formed of adjacent owners, woreda coordinator and the community elders. The public awakes group is composed of

local media such as school mini media and development groups operating in the area.

The first step in the certification process is rapid assessment by the regions for cost effective actions (manpower availability), followed by the identification of the woredas over the following 6 months, done by the Central Statistical Agency (CSA). Fund allotment and verification is done by the Ministry of Finance and Economic Development (MoFED). The cost of one certificate is estimated to be 8 dollars. Public awareness strategy of the second stage certification involves stakeholder awareness in the regions and woredas and kebeles using mechanisms such as mass media, brochures, and posters.

Following this, the land will be measured by the team of experts. Data entry and digitization will follow with the penultimate action of public display of the maps, constituting the second stage of the awareness strategy. The maps will be posted in the kebele walls-along with names of the owners for verification. Any information on the display that is deemed incorrect will be reported on the claimant forms for the complaints (e.g. shape, size, name misspelling). The final stage in the public awareness strategy will be certification awareness, enabling the certificate holders be aware of the power of the certificate such as credit worthiness of the land.

In terms of the process of the demarcation, land holding clearance happens before the land certification. Any conflict will first be attempted to be resolved within the land administration committee. If it cannot be resolved, it can otherwise be taken to court.

The second stage land certification and the associated digitization and organization of information has paved way for having different types of transaction in the Rural Land Administration System (RLAS). The RLAS information system would consist of provisions for transfer for a small fee through inheritance, credit, land rental, gift for any form of transfer that is not done by the Kebele. The practice so far has been that any transfer such as rental or gift for a period of less than three years will be handled by the Kebele, free of charge.

The general perceptions of second stage land certification among the public and experts is that tenure security has increased -revenue generation has been systemized; credit access enhanced (current credit provisions are estimated to total 30-50 million birr).

## **6.2. Rural Land Certification and Policy Implementation Challenges**

While the second stage certification has been implemented on the heels of a highly on-demand and largely successful first stage certification, implementation of a more stringent second stage certification is likely to be riddled with implementation challenges. The KII with the relevant bodies revealed such shortcomings that we discuss below. One of the shortcomings of the land certification program is that it does not apply for Somali and Afar regions (land belongs to specific tribes). This creates a problem / land use purpose/ for utilization. A general problem with land regulation/proclamation since the time of the emperor up to today has been that there is gap between laws and implementation. This applies in the case of land certification too where land use is still a political tool and where government administration inclines towards politicizing land administration than ensuring that its economic benefits are maximized.

There is also a considerable problem with clash of mandate, purposes and interest at Federal level: MoA; MoUD in regions land administration agency. Equally, there are several challenges of awareness creation in the process of second stage certification such as reaching those who are under-age and the elderly. Physical difficulties associated with terrain and transportation also serve as important source of bottlenecks to coordination activities.

## **6.3. Benefits of the Certification Program for Women**

The first stage land certification has had many proven benefits to women in terms of issuing the certificates as proof of joint spouse ownership. By the same token, the KII has revealed that the second stage land registration has brought significant benefits the women in that it has ensured their constitutional rights to land inherit from the parents as well as the husband is now backed with proclamation and has improved the status of women. The second stage certification is thought to have had a major impact on women's assertiveness over their land. Women who lost land got it back with the certification; women who became landless became landed.

The land certification also facilitates confidence to engage in land market participation such as contract farming. Contract farming is beneficial for women in the following ways. Under the ACC, the inputs such as fertilizer and improved

seeds are accessed via the cluster which reduces the very high transaction costs of women getting it themselves by traveling and applying at the woredas to her home instead of getting seeds and fertilizer for the cluster. Similarly, market access as part of a cluster is also much easier as it reduces the transaction costs of transporting the produces themselves. Tractor rental as well as access to labor also gets easier for women because she asks as part of the cluster.

#### 6.4. Awareness of Land Registration and Certification

The study has assessed the degree to which the second stage certification has been understood by the land-owning households using primary rural household survey data collected for the purpose of the study. Table 12 summarizes awareness and participation of respondents in land registration and certification programs. Majority of the respondents have the first stage certificate. However, half of the respondent’s report that second stage land registration and certification program has not been started in their area. Most of the respondents believe that they have been not adequately informed about the second stage certification. Public meetings about land certification were reported only by 27 percent of the respondents, but in cases where there are public meetings the majority (96 percent) of the respondents participates.

**Table 12: Awareness of land registration**

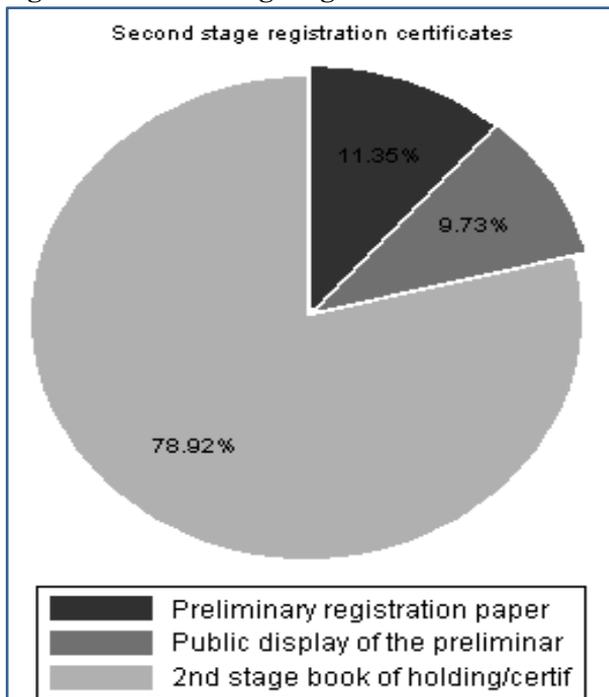
<b>Question</b>	<b>Observations</b>	<b>Yes (%)</b>
Do you have the first stage certificate?	300	95
Has the second stage land registration and certification started?	300	49.67
Do you believe that you were well informed about the second land registration	300	40
Were there public information meetings on land registration	300	27.33
Did you or a member of your family attend meetings about land registration	82	96.34
Are you (a member of your family) part of the land registration committee	300	5.33
Do you have a certificate to your land holdings?	300	61.67

Source: Author’s computation from the primary survey data.

## 6.5. Coverage and Ownership of Land Certificates

More than 61 percent of the respondents indicate that they have certificate of land holding among which 79 percent hold second stage book of holding, and 11 percent hold preliminary registration paper. Figure 2 presents the distribution of respondents by the stage of the second stage certification they are in.

**Figure 2: Second stage registration certificates**



## 6.6. Costs of Land Certificates and Willingness to Pay

One way of assessing the worth of a certificate is investigating the costs associated with acquiring it. For that purpose, the study has employed the rural household survey data focused on the cost of certificates and a hypothetical set of willingness to pay questions. Specifically, respondents have been asked about costs related with certification and how much they are willing to pay for replacement if the certificate they hold is lost. While direct payments for the certification are non-existent, households incur various certification related costs.

On average the certification related costs are 11.6 ETB. Those costs include printing and photocopy related payments that the farmers pay during the land registration and certification process. On the other hand, respondents have been asked if they are willing to pay to replace a certificate in case of loss. The median amount they are willing to pay is 17.5 ETB.

Table 13 summarizes willingness to pay of households to get certificate of holding. More than 96 percent Households without certificate of holding report that they want to get a land certificate. And, 97 percent of them are willing to pay if the cost is 100 ETB or less.

**Table 13: Willingness to pay for certification**

<b>Bid values</b>	<b>Observations</b>	<b>Yes (%)</b>
Want to obtain a certificate	115	96.52
Willing to pay for certificate	111	96.4
WTP $\geq$ 100	107	97.2
WTP $\geq$ 300	104	84.62
Qd aWTP $\geq$ 500	88	84.09

Source: Author's computation from the primary survey data

## **6.7. Access to Urban Land and Certification**

### **7.7.1. Urban land certification background**

The study has composed the background to the urban land certification program below based on the key informant discussions from the federal land administration bureau and the crop improvement department of the Ministry of agriculture and the expert interview from the USAID, which we all present below. Urban certification is motivated by the observation that there is an inherent conflict of interest in the government owning land and protecting users' rights at the same time. Further, the need to attract investment being top in the government's agenda, exorbitant bank interest rates associated with very high tenure insecurity requires urgent action.

A precursor to this has been the study by the Ministry of Urban Development in 1999EC where it was recommended that there has to be an institute conducts registrations.

From the national context, there was a legal based assessment and the rules have been drafted and then proclamation was launched. Along with the proclamation, there has been a capacity building associated with land law registry, spatial data gathering and the development of curricula, mapping development and training.

The actual registration activities have been designed in such a manner that the main pilot would be conducted in Addis and other initiatives to do registration and give certificates in Dessie, Dire Dawa, Gondar, and Adama simultaneously.

Looking forward, the registration and certification program sets out to cover 23 cities in 10 years and the whole of the country in 20 years.

### ***6.7.2. Urban Certification process and challenges***

As per our discussion with the KII experts, the land certification was conducted in 200 woredas and five major cities. The following steps constitute the certification process: awareness creation, women's inclusion; collecting and organizing the supporting document; desk verification of the documents; demarcation in the field; photo marking and creating a polygon with the neighbors; checking of the map overlaps with adjacent roads etc.; making corrections accordingly; and a public announcement of holding that will base the decision on whether the candidate plot of land is eligible for certification or not.

Grievance handling committee is made up of five individuals as grievances crop up all the time, particularly relating to multiple claims on a given plot.

The major source of finance for the urban land registration program has been the government's coffers. Specifically, Addis Ababa project has been an own-initiative of the administration and it has been self-financed. Pilots in other cities have been financed out of the capital budget from the federal government which covers the cost of running the project and purchase of equipment. The pilot cities have also received technical support from the federal government including contracted supports from the Ethiopian Mapping Agency and capacity building contracts.

The government has also acquired world bank-funded Alex Korea cadaster expertise. In addition, to the registration, technological support included establishment of data center such that the data structure at federal and regional levels are synchronized and the capacity building training using drone technology for data capture.

The USAID is another development partner that supported the registration process by converting paper-based work to digital format. USAID has also supported the urban land registry through supporting integrating urban and rural land registration in Oromia.

In terms of challenges, even in ‘more established and older neighborhoods’ provision of certification is met by a mismatch between the certificated holding and the actual holding. There are instances where there is holder that does not have any evidence of ownership. There is also the challenge that kebele dwellings don’t have certificate. Another common challenge is that kebele houses/roofs are conjoined so it is difficult to give boundaries.

A second challenge is the lack of certification for many public holdings. As communal areas such as parks don’t have legal documentation, and roads are also not registered, there could be a lot of overlap in holdings that poses a challenge in clearly attributing a piece of land to specified owners. Large institutions don’t have certified ownership such as schools, churches and mosques.

A third challenge is related to the difficulty in the management of the data. Specifically, the data on registry book and the paper evidence are not matched due to difficulties in digitizing paper-based evidence. Associated with this is the lack of organized body and that takes upon the complaints from applicants. This is also partly associated with been the lack of preparation. Land governance attitudes by politicians is believed to be a campaign and political work while in reality an effective land governance/registration work needs to include private sector and other relevant stakeholders. Additional challenges include gap in knowledge; lack of clarity; and multiple interests. In general, the collection of data was deemed to be very slow; and the formatting was complicated and not practical.

A fourth major challenge in the implantation of the program is that complicated and entangled tenure type’s crop up all the time. For instance, the cadaster office will carry on subsequent registry while the preexisting registration is happening at the same time. Delays in the former create duplication in markets with certified and non-certified land. This also creates a room for corruption-as there is a limited window of time for doing registration. This creates a room for bribing the certificate applicants to hasten the process of doing it sporadic adjuduration is costly.

#### ***6.7.4. The demand for urban land certification***

The views from urban residents regarding the current for land certification are captured in the FGD with the urban residents. From all the focus group discussions, it is obvious that there is an overwhelming need to have a certificate of holdings. It has emanated from the respondents' observation that the only evidence of holding urban residents is receipt of payment of land taxes, plan of use and map of holdings. As a result, there is a massive demand for credible, reliable certification that is done with complete transparency among the community, just like the certificate of holding in rural areas.

## **7. LAND EXPROPRIATION AND COMPENSATION**

### **7.1. Characteristics of Land Expropriation and Compensation Laws**

According to the KII with the federal land administration bodies responsible for rural and urban land, land expropriation in the past (post Derg and pre-2018) used to be areas that are deemed suitable for investment by the government, including land under farmer settlements. The normal practice has been assessing the economic benefits of the prospective investments, going into land pool/ bank and making the plot ready depending on requirements (including eviction of previous tenants in previously occupied holdings). After the deeply unpopular policy of large-scale land acquisition in the 2010s which prompted many western governments to not involve/support the action, the federal government has made changes to land expropriation actions since 2018.

The research (see above in chapter 2) on land expropriation has been used as an input into the proclamation expropriation 1161/211-772/2012. Land expropriation declaration has been designed to govern both rural and urban land. One of the major improvements on the declaration is to recraft the objective such that all expropriation should meet the criteria of public purpose [economic benefit justifies public purpose before-now it has social purpose too]<sup>12</sup>. Such social benefits include the potential purpose of the expropriated land fitting into the existing the land use plan, structural plan, and development plan.

The first step in the process of expropriation is submission of the proposal to the regional cabinet a year ahead of the expected decision. Most of the assessment will be done by the cabinet before being passed on to the woreda administration for further assessment-a body which has the final say. The second stage would involve characterizing and counting properties on the land such as: fertility size; land use; house development, tree land valuation. This second process determines the amount of compensation that goes towards the holder of the would-be-expropriated plot.

Compensation follows a cost replacement approach in principle; while in practice a mix of income approach and sales replacement approach are also

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<sup>12</sup> The issue of expropriation being justified based on social and not just economic benefits dates back to the 1952 expropriation law. Then, without strictly justified social benefits, the expropriation would not go through.

followed. Holders will be compensated for the crop/property on the piece of land to be expropriated. For instance, trees, categorized by type, will be valued for what they are worth in terms of their produces, as per expert information. Similarly, for crops grown on the plot, compensation will be based on the average crop productivity multiplied by the size of the plot. The approach also follows valuing all properties on the land will be expropriated; the cost of development that already happened on the land; the values of economic loss experienced (employment; jobs, externality); and the cost of severed social ties.

The following prominent elements would be used as the basis for expropriation and compensation particularly in urban areas.

1. The compensation for eviction is calculated based on the cost of rebuilding a (demolished) house anew and the property valuation does not include location value and amenities
2. The compensation for eviction would include the losses associated with the social values of the house (access to *idir, iqub*) and economic losses (business)
3. In instances of mass/community eviction, the owners can be organized and be given priorities for development
4. The kebele property dwellers in mixed blocks will be given equivalent condominium or kebele houses.

The legislation also has rooms for grievance redress mechanism: there is a grievance redress committee overseen by steering committee for whom dissatisfactions over expropriation and compensation are submitted to. In instances where the committee's solution is deemed unsatisfactory by any of the parties, there are provisions for going to court. The grievance redress council (*Kireta and yigbagn semi gubae*) will be established by the community (*administered under the city's council*); will be independent (not like before where they are established by the kebele itself, thereby lacking independence, neutrality, accountability, and transparency).

The general perception among FGD respondents is that land expropriation is not widespread although there are some instances of it. Participants are in agreement that holders generally never receive proper compensation in advance or later on if his/her land is taken for the purpose of public services. Farm land given to teachers in some towns adjacent to farm villages, for example, can be taken as case of expropriation that is not done fairly, without proper compensation.

The analysis of urban residents' perspective on land expropriation and compensation is based on the FGD of the urban respondent households. The general perception among respondents is that land expropriation is not widespread although there are some instances of it. Participants are in agreement that holders generally never receive proper compensation in advance or later on if his/her land is taken for the purpose of public services. They stated that one procedural problem with compensation is that works with 50% payment in two installments but the second installment takes a very long time to be effected. Besides, the compensation is too low, or disproportionate to the estimated value of the land. There are also rumors that the officials take bribe from investors resulting in a much lower compensation for the land holding evictees. The more severe of such instances has been the eviction of farmers with no viable alternative means of livelihood or meaningful compensation.

The study has conducted analysis of the challenges related to the practice of land expropriation and compensation based on the KII. The identified stumbling blocks include limited an awareness of the law (partly owing to the relatively short time since the legislation is put into effect). The legislation is also put into practice in a limited way, with the Amhara region getting ahead with the implementation.

The KII also pointed to one of the main problems associated with land expropriation in the past-the tendency to allot highly productive agricultural land for the purposes of building industrial parks and rather unsuitable agricultural production such as flower farms. This has been a rather extensive practice around the capital city. While the reasons for such allotment could be attributable to the need to place these investments closer to international flight hub in Addis, the problem could have been easily addressed by correcting misallocation of land for agricultural and industrial purposes.

## 8. LAND FRAGMENTATION, CONSOLIDATION AND COMMERCIALIZATION

### 8.1. Land Fragmentation

The problem of land fragmentation in Ethiopia is so severe that there are reports of a farmer owning up to 35 pieces of fragmented land in the Benishangul Region for instance. Land fragmentation is usually influenced by factors that could potentially change land ownership including law of inheritance, heterogeneous land quality (Niroula and Thapa 2005), and land redistribution (Niroula and Thapa 2005), among others. Fragmentation negatively affects productivity through limiting possibilities of enjoying economies scale and acting as a stumbling block to the utilization of modern agricultural technologies such as irrigation and agricultural mechanization. Fragmentation also tends to affect women's rights and productivity disproportionately as mechanization resolves the oxen ploughing problem due to the taboo, they face against it<sup>13</sup>.

To understand land fragmentation and its differences across regions, we computed mean number of plots and Simpson's fragmentation index given by  $A = 1 - \left[ \frac{\sum_i a_i^2}{(\sum_i a_i)^2} \right]$  where  $a_i$  is area of parcel  $i$  and  $A$  is fragmentation index (Ali et al. 2019; Deininger et al. 2014; Tran and Vu 2020). Simpson's fragmentation index ranges between zero and one with values close to one indicating higher fragmentation<sup>14</sup>, and it is based on the number and size distribution of plots.

**Error! Reference source not found.** 14 presents average number of plots and Simpson's index across the three regions. Results indicate that land holdings in the study area are highly fragmented with mean number of plots and fragmentation index of 5.24 and 0.69, respectively. The degree of fragmentation is higher compared to previous studies in sub-Saharan Africa such as Mwesigye and Barungi (2021) and other developing countries such as Tran and Vu (2020).

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<sup>13</sup> In the literature, land fragmentation is associated with various outcomes including yield, labor intensity, production cost, technical efficiency (Ali, Deininger, and Ronchi 2019; Deininger et al. 2014) and food security (Knippenberg, Jolliffe, and Hoddinott, 2017; Tran and Vu 2020).

<sup>14</sup> Some literature criticizes Simpson's index for not accounting for risk reduction benefit and travel time.

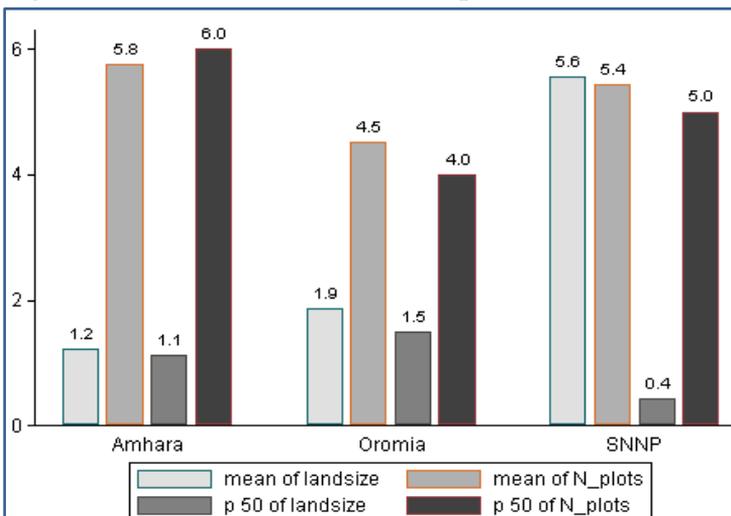
**Table 14: Average land fragmentation across regions**

Region	Fragmentation Index (mean)	Number of Plots (mean)
Amhara	0.75	5.75
Oromia	0.63	4.52
SNNP	0.70	5.43
Mean	0.69	5.24
Observations	295	295

Source: author’s computation from survey

Comparing fragmentation across the three regions (Amhara, Oromia and SNNP), land holdings in Amhara region appear to be more fragmented both in terms of number of plots and Simpson’s index. On the other hand, land holding in Oromia is found to be less fragmented. In Amhara, an average land size of 1.2 hectare is fragmented in to an average of 5.75 plots. In SNNP, an average of 0.6 hectares of land is fragmented in to 5.43 plots. In Oromia, the average land size is higher compared to the two other regions, and the number of plots is smaller. In the same region, on average land holding of 1, 84 is fragmented between 4.5 plots (see **Error! Reference source not found.**).

**Figure 3: Distribution of number of plots**



Source: author’s computation from survey

## **8.2. Land Consolidation and Commercialization**

### ***8.2.1. Policy-led efforts at land consolidation***

The KII revealed that land consolidation process can take place in two ways: Voluntary- consent based and mandatory. While the consent-based option is less complicated in terms of design and administration, it remains very limited in coverage. To that effect, there is some effort in understanding what it would be like to implement the mandatory option. Accordingly, there is a pilot project going on in Koga, Durebete where land valuation is conducted on pieces of fragmented land a farmer owns and the equivalent consolidated land is identified by accounting for size, fertility, location and other amenities. Another policy effort has been to fix the minimum size to avoid further fragmentation. To that effect, there is a minimum plot size floor specified in the regional land administration that varies across regions. However, as per the discussion with the KIIs, it is worth noting that, there are political interests that go against working towards consolidation as fragmentation tends to create political dependency of constituents.

### ***8.2.1. Market based efforts at land consolidation***

The analysis from the KII also identifies instruments that are crafted at a policy level, that have market-based characteristics, which we discuss below. One such tool that is now being implemented in Ethiopia is ACC's contract farming. As it is now, ACC is used for contracting farmers' land for a given period of time, tied to the provision of inputs and sale of outputs. While ACC is a potential an instrument for consolidation, our discussion with the KIIs revealed that its effectiveness relies on additional provision made for farmers. In ideal settings, there should be provisions for supporting farmers under contracting/enterprise such as whether farmers will have share owners/employment; they will have provision for housing in instance where they are required to relocate. This indicated the need to move beyond the current provisions of the ACC.

One of the components of ACC is contract farming. Contract farming (end to end across the value chain) is jointly run by the MoA and Ministry of commerce. Examples include the 60% of smallholder land in Arsi that is under contract farming. The most successful example of contract farming is Heinken's barley contract farming. Another good example is WFP's contract farming for maize.

It emerged in our discussion with the KIIs that the ACC functions as a cluster contract farming such that within clusters, input provision, and output; sustainable intensification, project management coordination, etc. are

administered. In addition to its input and market provision and risk reduction benefits to farmers, it is beneficial for the government as it reduces the administrative burden for the government as it lumps together many families/land into one unit to administer. In terms of coverage, ACC is being done on 300 out of the 940 woredas, focusing on high potential areas. Teff, malt, horticulture maize, wheat, mainly.

One of the important attributes of the ACC program is facilitating contract farming-based large scale land investment through consolidating small holder farms under a crop/commodity of specialization. As per this premise, we investigate the degree to which the process of ACC participation has been inclusive and effective.

Household evidence on process in the top panel of Table 15 indicates that about 40 % of the respondents live in kebeles where the program has been imitated and only 15% have participated in ACC programs. Less than half (46%) feel they have been sufficiently informed about the program. The subsequent responses also ascertain this: 28% are aware that public information meetings were held, with 8 percent receiving written materials about the program and the same percentage being part of the local ACC committee.

**Table 15: Agriculture commercialization clusters program participation**

<b>Program participation features</b>	<b>Observations</b>	<b>Yes (%)</b>
Has the land ACC program started in your Kebele?	300	39.67
Do you believe that you were well informed about the ACC program?	157	46.50
Were there public information meetings (regarding the ACC) held during the 6 months prior to implementation	157	28.03
Were there public information meetings (regarding the ACC program) held during the past six months	157	18.47
Did you receive any written material on the ACC program and the land law?	157	8.28
Are you or a family member part of the ACC program committee?	157	8.92
Are you part of the ACC program?	157	15.92

Source: Author's computation from the survey

In this study, ACC program participation is represented by input provision, output market participation, credit and land contracting, as presented by empirical results in Table 16. Engagement in ACC is very low, with less than 10% of our respondents participating in ACC program. The highest number of enjoyment is found through input provision, with 16 out of the 25 respondents reporting to have received inputs through the program. This is followed by credit receipt with 6 out of the 25 having obtained ACC credit. Only one each/ 4% indicated they are engaged in ACC output market or land contracting, indicating that this form of ACC engagement is the lowest in our sample, possibility indicating that it can only be slightly higher at a national level too.

**Table 16: Types of ACC support**

<b>Type of ACC support</b>	<b>Frequency</b>	<b>Response (%)</b>
Input provision	16	64.00
1st output market	1	4.00
Credit	6	24.00
Futures land contracting	1	4.00
Other (specify)	1	4.00
Total	25	100.00

Source: Author's computation from the survey

The agricultural commercialization clusters have been assessed as instruments for land commercialization and consolidation, based on our analysis of the rural household survey data collected for the purpose of this study. Specifically, we assess the impact of land contracting on land commercialization by measuring individual farmers' willingness to accept land contracting modelled after provisions for the ACC. Table 17, 18, and 19 present these results.

**Table 17: Willingness to accept land contracting: distribution of responses to bid values**

<b>Bid values</b>	<b>Willing to rent out land (%)</b>	<b>Observation</b>
5000	32.22	90
10000	64.71	34
13000	62.57	171
16000	100.0	5
Total	54.33	300

Source: Author's computation from the survey

As per Table 17, the share of yes responses increase as the bid increased. Furthermore, the share of yes ranges between 0.32 and 1.00, so the bid vector seems to have been appropriate.

**Table 18: Average willingness to accept across ACC membership and second stage certification**

<b>ACC kebele</b>	<b>Have second stage certificate of land holding (ETB)</b>		
	<b>No</b>	<b>Yes</b>	<b>Total</b>
No	13621.95	14282.83	13983.43
Yes	15060.61	15941.86	15697.48
Total	14034.78	15054.05	14663.33

Source: Author's computation from the survey

As per Table 18, having acquired the second stage certification invariably increases willingness to accept ACC participation. This could be an indication of the certification increasing confidence in the value of the land. Similarly, belonging in the ACC kebele increasing the willingness to accept value for land contracting, implying that the ACC program's land contracting is positively valued and awareness about the program increases confidence about one's land value.

Table 19 shows the current average anticipated payment for land-the estimated mean WTP. The mean WTP without controls was Br. 9226.802, while with controls was Br. 9203.255.

**Table 19: Mean willingness to accept with and without controls**

<b>Statistics</b>	<b>Without controls</b>	<b>With controls</b>
Mean	9226.802***	9203.255***
z-value	12.13	12.33
Krinsky and Robb (95 %) Confidence Interval	[7399.56, 10726.60]	[7385.23, 10600.60]
Observations	300	300

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1

Source: Author's computation from the survey

## 9. CONCLUSIONS AND RECOMMENDATIONS

### 9.1. Concluding Remarks

The purpose of the study report has been to generate country-representative and latest empirical evidence on land issues, policy options, and interventions in Ethiopia.

The study methodology is comprised of qualitative and quantitative data analysis, obtained from primary and secondary sources. The first half of the qualitative analysis focuses on review of relevant literature that enabled contextualizing the relevant land issues and deriving testable hypotheses. The second half of the qualitative analysis focused on collecting relevant information from key informants and focus group discussants. A total of six key informants were interviewed pertaining to policy and implementation issues on rural and urban land administration and use. The Focus group discussion was designed to collect urban users' perspectives on land policy and implementation. It was conducted with 12 focus groups, two in each of the six selected towns in the Amhara, Oromia and SNNP regions.

At par with the nature of information, qualitative and quantitative analyses were employed. The analytical methods comprise of qualitative methods for the KII and FGD. For the quantitative data the following methods are used: descriptive statistical analysis and econometric approaches such as a univariate probit model, propensity score estimation, average treatment effects, and contingent valuation methods. In terms of analytical outputs, the literature review was mainly used as a backstop against which the hypotheses of the study would be mounted. Accordingly, conceptual issues on rural and urban land access, land tenure systems and land policy were identified. The land expropriation in terms of laws and actual practices; followed by instruments for land expropriation and commercialization were also presented. Finally, key empirical relationships between land tenure security and prominent variables of economic interest are discussed.

In the chapter dealing with land access and tenure security issues, the analysis has indicated that overall, despite the land access being rather inadequate, a very high proportion of the rural landholders perceive to have solid rights over the use of their land and bequeathing the land with limited prospects of facing conflict. For urban land, the main access modalities are auction/bid and administrative placement, which are deemed to be very low and unreliable,

leading to prospective holders opting for informal methods of land acquisition. The sub-chapter on analysis of rural and urban land policy identifies urban residents and rural land holders demonstrated their substantial understanding of the land laws and generally positive attitude towards the prevalent land laws although implantation gaps almost eclipse their potentials.

Analysis of the rural land certification has shown that the program has by and large addressed the gaps in tenure security, particularly with respect to reducing land conflict. Regarding urban certification, the findings identified several challenges to implementation including mismatch between the certificated holding and the actual holding.

One critical facet of the new land legislation is that it has made social benefit as a major prerequisite to expropriation instead of the previous criteria of just economic benefits. Expropriation, starting with submission and evaluation of a proposal to develop a specific plot of land would be followed by assessment of the value of the property and associated costs of removal for compensation. This includes characterizing and counting properties on the land such as: fertility size; land use; house development, valuation of property on the land, lost economic opportunities and severed social ties. Despite this, however, insufficient awareness of the laws and procedures, inadequate compensation (or expropriation without compensation are identified) as some of bottlenecks to the policy.

The last chapter of the study dealt with land fragmentation, consolidation and commercialization. The land fragmentation issue was found to be severe, even by Sub-Saharan standards, needing urgent policy action. Remedial measures in the form of voluntary and mandatory land consolidation are at their infancy with limited prospects of having a wide scale impact. However, the study demonstrated considerable potential of land consolidation and commercialization for land market in the form of contract farming.

## **9.2. Recommendations**

This section presents the policy recommendations that emanated from the assessments made and gaps identified in the previous chapters. The following key policy issues are identified and briefly discussed in the subsequent sections below.

## **Policy and institutional actions for enhanced tenure security and sense of land ownership**

For enhanced tenure security, which has many economic benefits listed above, the following findings need to be acted upon:

- Crafting policies around the knowledge that local communities are primary custodians of the land; possess considerable knowledge and experience in dealing with land management dynamics such as investment on the land and resolution of conflict;
- Incorporating into the current federal and regional land legislations a framework that has clear and flexible mandates, communication and chain of commands.
- Factoring in localized heterogeneities, traditional knowledge and customary law in crafting policy responses and needs across settings and localities could create conducive environment for effective land administration and utilization.

More generally, however, shaping land policy in a way that ensures an optimal level of security to its holders needs to take into account the wider debate on the matter. The issue of secure rights towards the land has been one of the most long debated issues in academic, policy and unusually for other matters, in public circles in Ethiopia. For the latter, the most notable event has been the public discourse surrounding the public-vs-private ownership dichotomy that was largely sponsored by the EEA. The resulting document (EEA, 2002) has highlighted the pros and cons of the two, and is largely regarded as a blue print for discourses ahead and has largely shaped the land policy since.

While the discussion has evolved in the two decades since, it has largely shaped towards ensuring as much security as possible for holders within the realms of public ownership of the land. What has transpired in this study, however, is the fact that landholders, and indeed officials overtly and covertly question whether land is truly public without actually having a body that administers the land that is free from political interference, an institutional mechanism that mediates litigations between members of the public and custodian of the land, the government, a mechanism that ensures land administration, allocation and utilization is wholesomely serving the public interest. A move towards making land truly public would start off by addressing these. Accordingly, it is worth considering the recommendation in Diriba (2022).

## **Policy and institutional actions for effective land registration and certification**

The certification program can be thought of as a semi-secure ownership provision action that is suitable for the public land ownership structure. The rural certification action is deemed more successful than the urban one both in speed of implementation and coverage as well as in increasing the sense of tenure security among land owners.

There are several policy lessons to be learnt from the higher success of the rural certification program. These include extensive public awareness work prior to the commencement of registration; securing robust finance that matches with the resource requirements of the registration and certification task; capacity building actions that are required to handle the complex tasks; putting in place mechanisms for sorting the tangled, complex and largely informal property and land holding patterns associated with urban land beforehand; establishing solid grievance redress mechanisms; and establishing a transparent and accountable handling of the process of registration and certification as well as grievances arising from that.

The impacts of the certification program in Ethiopia in enhancing tenure security, land market participation, and land related investment have been documented in this study and other similar studies. However, it is worth noting that the certification program, as a stand-alone, cannot bring about a desired level of change in all these economic variables. Indeed, complementary interventions such as provision of credit and insurance for investment is critical for reigniting market and investment activities in resource-degraded and destitute settings whose residents make do with very little enough for survival.

## **Actions to be taken to improve land expropriation and compensation laws and practices**

Ethiopia has put in place a number of laws, legislations and procedures aimed at ensuring effectiveness and fairness in land expropriation and compensation for the greater good of the society and for protecting individual land rights. However, Ethiopia's largely land-centered economy, weak institutions, economic and security challenges make such activities flawed in design and practice. Indeed, expropriation and compensation actions by the government are very much short in engagement, participation, mutual agreement as well as fairness. Therefore, such efforts admittedly require improvement in terms of crafting coordinated, efficient, and robust land expropriation and

compensation policy and actions at a federal level and integration at a regional and local level.

### **Policy actions regarding land consolidation and commercialization**

From the findings of the study and other similar studies, there is little disagreement over the alarming level land fragmentation is standing at. While this calls for aggressive land consolidation action, at a policy level, such efforts are limited to ad hoc activities, which lack national or sectoral guidance. As a result, it is high time to produce a nationally-based plan that also embeds expanding land consolidation needs in all sectors of the economy. One way of doing this is developing a land consolidation framework based on successful practices in sub-Saharan African countries and other low-income countries, as well as learning from important failures attempting at consolidation.

As an alternative to policy-based and mandatory consolidation actions, the study has assessed opportunities and challenges in land market participation as a way of enhancing land consolidation through market-based tools. Given the active engagement of rural land holders in land markets, this indicated a great potential of the tool. However, the study did not indicate to agricultural commercialization clusters as a huge step that can be taken to consolidation and commercialization. Hence, the importance of expanding the two tools both in scale and scope to increase their effectiveness cannot be overstated.

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