



GOVERNMENT OF THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

MINISTRY OF URBAN DEVELOPMENT & HOUSING

Urban Land Development and Management Policy and Strategy



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Government of the Federal Democratic Republic of Ethiopia

MINISTRY OF URBAN DEVELOPMENT & HOUSING

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Management Policy and Strategy**

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ABBREVIATIONS

EC	Ethiopian calendar	GTP	Growth and Transformation Plan
GC	Gregorian calendar	MSEs	Micro and small enterprises
GoE	Government of Ethiopia	ULGs	Urban local governments

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1 INTRODUCTION

The goal of Ethiopia's developmental and democratic government is to accelerate the rapid growth already achieved so that all citizens continue to benefit. This drive is in line with the Ethiopia's commitment to eradicate structural poverty once and for all in as short a period as possible. Eradicating structural poverty is part of the strategy to transform Ethiopia into a middle income country and sustain its growth and prosperity. The policies and strategies developed for successful development and good governance in urban centers will continue to play a major role in realizing this vision.

Two measures of successful and effective development and good governance in urban areas are the entrenchment of a developmental political economy and the disappearance of the rent-seeking inclinations and culture that cripple the urban land development and management system. Ethiopia's urban developmental goals are expected to play a pivotal role in ensuring effective and efficient land development and management in the Ethiopia.

There are four critical elements if Ethiopia is to build a sustainable land development and management system:

1. **The appropriate use of land as specified by urban schemes** is a matter of urgency. This will ensure adequate land in appropriate locations to support urban functions. Preparing land to foster societal transformation through investment requires that land development and management capacity is built.
2. **Building transparent and accountable mechanisms for land provision and marketing, stabilizing land prices and building a system that ensures the public benefit.** Once this has been achieved, the land development and management system will support implementation of the developmental and political economy plans of the government of the Federal Democratic Republic of Ethiopia (GoE). These mechanisms and systems will support on-going GoE initiatives to increase equitable and efficient access to land for low income households.
3. **Establishing a transparent and effective land use right ownership and land development and management system** supported by technology based information management to control illegality and build effective free market systems.
4. **Streamlining the land and land related fixed property rights registration system to make it more transparent and effective.** This will not only secure citizens' property ownership rights but also trigger a transformation to more permanent urban development based on security of tenure. This will reverse the current land development and management practice and introduce a robust and more investment friendly system. Moreover, a more transparent and effective land development and management system will facilitate smooth and rapid implementation of development policies and strategies that the GoE has put in place.

This Urban Land Development and Management Policy and Strategy is divided into six sections.

- **Section one** contains this introduction
- **Section two** presents the conceptual approach and situation analysis that presents the foundations for the policy, the urban land policy: justification, goals and the urban land: situation analysis.
- **Section three** presents the Urban Land Development and Management Policy vision, objectives and principles.
- **Section four** contains the fifteen urban land development and management policies and eight strategies.
- **Section five** describes the responsibilities of executive bodies and other stakeholders in the implementation of the Urban Land Development and Management Policy.
- **Section six** contains the key conclusions of the Urban Land Development and Management Policy.

2 CONCEPTUAL APPROACH AND SITUATION ANALYSIS

2.1 POLICY FOUNDATIONS

There are four main foundations for the urban land development and management policy:

1. The first is the **constitution of the Federal Democratic Republic of Ethiopia**. According to the constitution **land is under the ownership of the government, people's nations and nationalities of Ethiopia**. Land is held in trust for the people and remains their common property.
2. The second foundation concerns the **free market system**. Ethiopia's developmental and democratic government strives to build a free market system which relies on export markets and from which citizens of all walks of life benefit. The land development and management policy supports this in its contribution to **building an internationally competitive political economy**.
3. The third foundation of the policy is to **ensure that citizens benefit from Ethiopia's rapid development**. This goal is clearly articulated in the policy. Ethiopia has a developmental and democratic federal state embraced by all citizens. **Ethiopia's good governance systems enable the country to instill attitudes and practices that greatly reduce rent seeking**. Extending initiatives to prevent rent seeking in the land sector is a matter of urgency. Land has been identified as one of the sources of rent seeking in urban areas.
4. The fourth foundation of this policy is to **ensure fairness and eliminate land related rent-seeking behavior**.

2.1.1 The Constitution and the Federal System

The Urban Land Development and Management Policy is guided by the pillar of Ethiopia's development and democratic system, **the constitution of the Federal Democratic Republic of Ethiopia**. Article 40(3) stipulates that **rural and urban land is the property of the people and the government, and that the owners of land and natural resources are nations, nationalities and peoples of Ethiopia**. According to Article 40(1-2) of the constitution; **any citizen has the right to develop, use and transfer private property**. Clear categorization of private property and the provision of the protection necessary are provided for in Ethiopia's constitution. These provisions, which the democratic government of Ethiopia continues to safeguard, encourage citizens' initiatives to increase wealth generation through the freedom to use and transfer property. By encouraging this right, the GoE hopes to accelerate the high rate of national growth and development it has so far been achieved.

The Urban Land Development and Management Policy contributes strongly by helping to **streamline urban land provision and promote wealth creation, maximize wealth through development, and ensure security of land and property rights**. The policy contributes to **building a modern land and property administration system** that will

make **property transactions easier** and ensure they take place through formal channels and so **eliminate illegalities and reduce distortions in the real property market**.

Ethiopia's constitution clearly indicates that private wealth should be created through individual labor, knowledge and capital. The policy creates favorable conditions to create private property and discourages wealth creation through rent-seeking practices. The policy is founded on Ethiopia's constitution and seeks to implement the principles it contains. **The Urban Land Development and Management Policy conforms to the federal structure described in the constitution which specifies the roles and responsibilities of various actors** (federal, regional and urban governments) **in land development and management**. The structures provided for in the constitution enable the country to fight poverty and bring about the equitable growth and development required to achieve Ethiopia's renaissance. Taking these factors into account, the Urban Land Development and Management Policy will bring a long lasting fundamental change in Ethiopia's urban centers.

Because Ethiopia's political system is federal, the urban land development and management system will be decentralized to give broad powers to urban local governments and authority to regional states to administer land in their urban centers.

2.1.2 Globalization and Building a Free Market System

Ethiopia understands the need to develop a land development and management policy that takes into account global factors that demand rapid acceleration of development in the country. Ethiopia is striving to build its ability to compete in a world that is moving closer together in terms of economic transactions – e.g. transport, trade, finance. The competitive investment environment Ethiopia seeks to create requires a sustainable and effective urban land policy. Ethiopia can only produce goods and products that are competitive in international markets if the country positions itself competitively in the global context. Ethiopia will do so well aware that no country can accelerate growth without skills development that enables the country to progress in a changing economic environment characterized by stiff competition.

One of the foundations of the Urban Land Development and Management Policy is to provide special support to producers of goods and services which are competitive globally. The Policy aims to ensure the creation of conditions for their sustainable growth. This is one of the reasons why land is the common property of Ethiopia's nations, nationalities and peoples and the backbone of Ethiopia's development. The policy can only help produce rapid development, eradicate poverty and contribute to the realization of Ethiopia's renaissance if it is evolved with this principle in mind.

Ethiopia envisages, and has taken the initiative to encourage, a move from an agricultural based economy to one that is industry based – i.e., on the production of goods and services competitive in the international market. **The Urban Land Development and Management Policy aims to help increase Ethiopia's competitive advantages in exploiting market opportunities.** It is on this basis that Ethiopia considers globalization as starting point for the Urban Land Development and Management Policy. Globalization demands that Ethiopia adopt development approaches that encourage production of goods and services that are competitive in international markets. This can only be achieved if the Urban Land Development and Management Policy is fully implemented.

2.1.3 **Rapid Development and Public Benefits**

Ethiopia's developmental and democratic government strives to ensure that the rapid economic growth recorded in Ethiopia is sustained and that there are broad public benefits. **The Urban Land Development and Management Policy aims to sustain rapid economic growth and believes that public benefit is part of its foundation.**

The GoE will encourage its citizens to contribute to development and to improve their capacity to do so on a regular basis. This will enable urban residents and communities to benefit from the many job opportunities created and from the results of development initiatives. Government is implementing other strategies that have public benefit in, for example, areas such as education, health and infrastructure development.

Many citizens are already engaged in micro and small enterprises (MSEs) and more MSEs are being established with support of GoE. MSEs are generally labor intensive and the owners and employees benefit from the employment and incomes generated. The GoE has developed a system for comprehensive and coordinated support to MSEs and is supporting implementation of an MSE strategy. MSE support and other key issues are addressed in a public GoE strategy document. **The role urban land plays in ensuring successful implementation of MSEs is critical** for these enterprises to thrive.

Manufacturing and sales accommodation provided for MSEs (either for free or with at fair prices) ensures increased profitability and capital accumulation for owners and employees. **The Urban Land Development and Management Policy provides a basis for expansion of MSEs so that more citizens may benefit in the future.**

Another starting point for the Urban Land Development and Management Policy is the establishment of a system that enables low-and middle income urban dwellers to access housing. **The Urban Land Development and Management Policy enables low and middle income city dwellers to become homeowners**, individually or through savings based long-term loans, by providing land for free or at fair prices, or as a result of renting housing at affordable prices. Land is given for free to those who wish to invest in social services (schools, health) and economic infrastructure where the public benefits indirectly – not in terms of income.

2.1.4 **Building Developmental Democratic Good Governance**

After successfully destroying the supremacy of a rent-seeking political economy Ethiopia's government embarked on **establishing and implementing a people centered system**. The inclusive system serves the interests of all citizens irrespective of their political ideology. The GoE aims to create and maintain a developmental political economy that supports its citizens in the manufacture of goods and provision of services to boost the country's development. **The GoE is striving to put in place a transparent and accountable system to identify and tackle sources of rent-seeking in urban areas.** Areas of interest include but are not limited to: urban land, customs and tax, market competitiveness, and public procurement. Ethiopia's developmental democratic government is implementing a strategy to address these issues in order to accelerate development. National consensus resulting from a thorough public relations campaign has strengthened the implementation of the strategy although more remains to be done. The Urban Land Development and Management Policy supports fully the broad public desire to eliminate the rent-seeking political economy once and for all, as a necessary condition for bringing

about the developmental political economy required for the country's survival.

The GoE seeks to strengthen the transparency, accountability and efficiency of the urban land development and management system to achieve a developmental political economy free of rent-seeking practices. Offering land and related services will ensure the following conditions are fulfilled:

1. **Land will be identified and provided with services** (roads, water, etc.) **prior to allocation for development.**
2. **The conditions to be fulfilled by every citizen applying for land and related services will be made clear to the public.** Citizens and investors seeking or applying for land and related services will be evaluated on the basis of set criteria to ensure transparency. Any request relating to land and related services will be in writing and will be dealt with following set controls and criteria so as to arrive at a fair decision. Set procedures will be used to address applicants' grievances. Well known and consistent procedures will ensure that all parties to land transactions are accountable or answerable to the nation. Officials responsible for land development and management require information to determine gaps in policy, decisions and operations. Decision makers will inform land applicants about reasons for their actions in writing, and based on set criteria.

It is the responsibility of higher administrative and governance bodies to ensure that decisions are made in line with set guidelines that ensure fairness among customers. A checks and balance systems will ensure harmony of responsibilities and accountable among implementers. A system to handle complaints will resolve differences between parties in conflict. **This will help to create a sustainable group of interested parties committed to eliminating rent seeking practices.** This approach reinforces the developmental democratic government's position of zero tolerance for rent-seekers, which is one of the policy's foundations.

2.2 URBAN LAND POLICY: JUSTIFICATION

2.2.1 Urban Land Policy and Infrastructure Provision

The constitution and laws of the Federal Democratic Republic of Ethiopia state that land is owned by the people and the state. To increase the rate of urban development and growth, Ethiopia's government emphasizes road and railway construction as well as telephone and electric lines expansion. The serviced land required for development is limited and costly to service. Acquisition of private land holdings and provision of infrastructure services incur substantial costs, including compensation costs. As is the case in rural areas, Ethiopia's cities lack infrastructure. Private ownership of land will increase the cost of providing infrastructure, cause delays in infrastructure projects and slow the pace of urban growth.

Ownership of land by the people and government has enabled GoE to speed up infrastructure provision through payment of fair compensation to property owners. The fact that the GoE has considerably reduced the cost of building and maintaining infrastructure for **Ethiopia's rapid urban development is largely attributable to government ownership of land.**

Government ownership of land has helped Ethiopia to increase the quantity and quality of economic and social infrastructure. Government has not had to spend very large sums of money to purchase land from private land owners in order to build schools, health institutions, GoE offices, religious institutions, etc. Government ownership has contributed to increased quantity and distribution of economic and social facilities country-wide. Private ownership of land would have resulted in slower expansion of these public services. Expansion of economic and social services has averted a potential urban social crisis. Although government pays fair compensation (which has been made possible because land is owned by the government), the democratic government provides land for social infrastructure either for free or at fair price. It is no wonder that Ethiopia's urban centers continue to benefit from the country's rapid development.

2.2.2 Urban Land Policy and Industry Development

Industry is one pillar for urban development. Large, medium and small industries contribute to economic growth by manufacturing the goods and services needed nationally and globally. Industries offer job opportunities for the skilled and semi-skilled urban population. Export oriented industries face direct or indirect competition from international competitors. Industrial products sold in the domestic market face competition from imported products. Imported products may be legally or illegally imported and sold in the domestic market. Whether industries produce for the domestic or international market, their products should be competitive. Competitiveness in terms of quality of products and price is important otherwise producers will become financially unviable, decline or even collapse.

To produce an internationally competitive good, industries of different sizes must secure plant and machinery, raw materials, well-trained and committed human resource and manufacturing accommodation as well as being provided with land, infrastructure and services. These resources involve expenditure. Increase in industrial expenses decreases international competitiveness. A decrease in expenses increases producers' competitiveness and ability to expand. **The GoE is striving to cut the costs of investment by industry** to reduce the huge burden of capital expenditure investors would incur. By establishing a development bank, the GoE is trying to reduce capital costs. The bank extends substantial loans at low interest rates. **The Urban Development Policy (2005) supports investments in industry. The GoE provides affordable infrastructure to investors**, which is built quickly to keep pace with development needs. **The GoE prepares and allocates land to those seeking to invest in manufacturing at fair prices.** Land allocated is not subject to historical disputes because fair compensation is made prior to the allocation. In addition to the provision of vacant land, the GoE has designed and is implementing a plan which **allows enterprises, especially MSEs to rent manufacturing premises at very low rates.**

The GoE has developed and is implementing low cost land supply mechanisms to encourage industrial development. The GoE's initiative to prepare and provide industrial land for free or at very low prices has increased development - from which cities benefit. By doing this, GoE ensures that industrialists do not incur too great a cost to purchase land. This allows industrialists to save considerable sums of money and use these to purchase industrial equipment and pay for operational costs. In some cases the GoE constructs buildings for rent for industrial use which are rented out to investors at fair

prices, allowing the investor to start production immediately without incurring capital costs of construction. The GoE has also created favorable conditions to reduce the cost and time of providing infrastructure. **The ease of and timely access to free or fairly priced land is one of the major success factors.** The earmarking of land for industrial activities across the country has helped Ethiopia to speed up land transaction and transfer, situations that hampered industrial development in the past. Potential investors can access land at the time of application. Ethiopia's Urban Land Development and Management Policy provides enormous opportunities for industries to flourish.

Investment in industrial development is on the rise in Ethiopia. Attracting more industries should bear in mind that other African countries are also trying to attract investors in industry. Favorable conditions need be created to secure more investors in Ethiopia and compete with other 53 African countries. Currently, credit provision from development banks and land provision are the major ways the GoE is using to attract investors in industry. **Ethiopia is becoming a preferred destination for industrial investment in Africa. What Ethiopia needs to do is remove investment bottlenecks and improve industrial investment opportunities.** Ethiopia has experienced a dramatic increase in foreign industrial investment in the past years. Current efforts to earmark and build industry zones in Addis Ababa and other major cities will ensure sustained industrial investment in the Ethiopia. Such efforts present opportunities for encouraging new and boosting domestic industrialists.

One of the challenges Ethiopia is facing is lack of sufficient capital provided by or available for developmental investors. The majority of MSE owners lack capital, but are rich in knowledge and human resources. MSEs could not have registered the progress seen to date, were it not for the support they have received from the development bank or micro credit institutions. Lending institutions have enabled enterprises to pay for land related costs and other expenses. MSEs have improved their operations and production due to continued GoE efforts to reduce costs. **Because many domestic firms lack experience and capital, as compared to foreign competitors, the GoE has had to offer them the support they need to improve their activities.** The fact that land is owned by the GoE has enabled Ethiopia's government to pay fair compensation where it has been necessary to expropriate land. The land expropriated is then serviced and transferred to domestic developers for free or at very low prices. The manufacturing centers the GoE is building are rented by domestic entrepreneurs at fair prices. The democratic government is doing this to support existing and emerging small industrialists. It is expected that continued GoE support to small industries will transform them into medium and large firms in the near future.

The beneficiaries of industrial expansion are not limited to developmental investors and employees in enterprises. Government aims to ensure that urban residents and communities get access to good jobs created by firms and by expansion of the urban economy. **Government ownership of land and the ability to provide free or very low prices to potential industrial developers, has facilitated economic and social infrastructure provision.** This greatly contributes to urban and national development.

2.2.3 Urban Land Policy and Public Benefits

Ethiopia's Urban Land Development and Management Policy ensures that the public benefit from provision of economic and social infrastructure and increased industrial

development. **Ensuring fairness (equity) in urban development is central to Ethiopia's policy.** Experience shows the development of urban areas encourages rapidly increasing land prices. This trend increases the finance needed to build housing and favors the rich as they have the capacity to build homes for themselves. This may create inequality as higher income households can build or rent expensive large apartments. The inability of low income households to build or rent decent homes forces them to construct substandard congested and illegal corrugated structures.

As land is owned by the state and the people, problems of fairness are reduced very significantly. **In Addis Ababa hundreds of thousands of low income households have become home owners through a system by which land for public housing is provided by the GoE to build condominium housing at affordable prices.** About 500,000 households living in slum areas have benefited from redevelopment programs. Other cities are using the experience of Addis Ababa to implement redevelopment programs. The programs are implemented considering the size of the cities and demand. The practice ensures equal opportunity of access to home ownership for all households irrespective of their income. The GoE gives priority to the poor to own safe and secure homes unlike many other countries where it is high income households who benefit from state homeownership programs. **Low income households are gradually moving from substandard houses to decent homes as part of GoE's efforts to fairly distribute wealth in cities.**

Ethiopia's Urban Land Development and Management Policy:

- Has extended **opportunities to developmental investors** apart from provision of infrastructure, industry and low-cost housing in urban centers.
- Provides **equal opportunities to invest** in service centers, hotels, business centers and offices and can be expanded.
- Offers **opportunities to those building standard residential houses** including high income households.

Although Ethiopia is competing globally in terms of industrial development, there are areas of urban development where it is not yet competing satisfactorily internationally. An example is the failure of hotels in Ethiopia's cities to exploit opportunities and compete with hotels in cities in other countries¹. The Urban Land Development and Management Policy enables investors to pay fair prices to access serviced land, as demarcated in approved spatial plans, through formal procedures. This helps them to compete favorably both in and outside Ethiopia. The policy offers different land acquisition possibilities to investors investing in different types of businesses and encourages healthy and fair competition.

The Urban Land Development and Management Policy makes it possible for developmental investors to access urban land at a lower lease prices, and on a timely basis, through a competitive process. Government ownership of land makes it easier for developmental investors to secure low priced land, which would otherwise be impossible

¹ For example, a guest in Addis Ababa can only choose from hotels in Addis Ababa. Restaurants, barbers, shops, office buildings and residence houses etc. only compete with those in Addis Ababa, not internationally.

if land was privately owned. The lease payments are lower than sale prices, although they still produce substantial revenues for land owners, GoE and the public. Revenue received by urban local governments is used to compensate affected parties and subsidize condominium housing, industrial and infrastructure land provision which are provided for free or at subsidized prices. The Urban Land Development and Management Policy helps to increase the purchasing power of investors in accessing market opportunities. The GoE can use land fees to finance the land delivery system and urban development. Land fees can also be used to enhance the capacity of urban development institutions. These efforts are aimed at wealth distribution.

The provision of urban land using a leasehold system benefits the GoE, citizens and investors. The investor:

- **Acquires land not at market prices but through a long term lease.** The amount of money paid through the lease arrangement is much lower than the sale price - payment on a longer term basis makes land prices much lower;
- **Can make payments to government for land use using profits generated from investment;**
- **Is assured of acquiring investment land on a timely basis;**
- **Receives the right to his or her land after making improvements on the land;** and
- **Cannot sell vacant (undeveloped) land** as it is property of GoE.

Although the developmental investor engaged in construction of service buildings will significantly benefit from increased land value, the government and people should equally benefit and not individuals. **The government and people should benefit since the constitutions bestows upon them full ownership of land in the country.** This reduces opportunities for rent-seeking very considerably.

The Urban Land Development and Management Policy penalizes individuals:

- Who acquire land through corrupt means,
- Through relationships with GoE officials, or
- Construct structures with speculative motives in order to sell them when lease prices increase.

It is criminal for GoE officers to use their powers to enrich themselves through self-allocation of land or any other means lease land or constructing buildings.

The policy should benefit all income groups and developmental investors through transparent mechanisms.

Overall the Urban Land Development and Management Policy benefits all of Ethiopia's citizens, ensures fairness, supports and creates development opportunities at all levels. Ethiopia's land development and management system is designed to ensure that all citizens benefit from jobs, home ownership and other opportunities it seeks to support or create.

2.3 URBAN LAND POLICY AND DEVELOPMENT GOALS

Attainment of Millennium Development Goals, particularly education for all children and

girls until 2015, by building schools, is only possible if land is owned by the GoE. The land policy will help the GoE and other stakeholders to mobilize land and finances to meet the Millennium Development Goals on education and poverty.

Providing serviced land for free throughout the country ensures gender equality by building good quality and affordable schools from which girls benefit. By providing free land to female entrepreneurs owning MSEs the government aims to unleash the developmental potential of Ethiopian women. Government ownership of land has enabled the construction of condominium houses. **Many of the beneficiaries of these houses are female.**

The Urban Land Development and Management Policy:

- **Has enabled GoE and the private sector to establish new and expand existing health centers to reduce infant mortality in the country.** This has been made possible using revenue collected from land leases. This would not have been possible without government ownership of land;
- **Provides for environmental protection** through pollution free zones and protection of green areas;
- **Gives direction to convert old and unattractive parts of cities** into livable areas; and
- **Is critical to realizing Millennium and Sustainable Development Goals customized to Ethiopia's needs and ensures equal benefits for all.**

Ethiopia is among the countries that are working towards the **achievement of Sustainable Development Goals**. Sustainable Development Goals include, eradicating hunger and poverty, making primary education accessible to all, empowering women and ensuring gender equality, reducing child mortality, improving maternal health, fighting HIV/AIDS, malaria and other diseases as well as ensuring environmental protection sustainability. The first goal of sustainable development targets is to eradicate abject poverty and hunger by halving the population living on less than a dollar per day and the population suffering from hunger. In this regard that the five year **Growth and Transformation Plan (GTP)** has broad aims to create a very large number of job opportunities and ensure fair wealth distribution. As mentioned earlier job creation and equity are key aspects of the Urban Land Development and Management Policy which can make a substantial contribution to sustainable development goals by creating jobs and reducing poverty.

2.4 URBAN LAND: SITUATION ANALYSIS

2.4.1 Urban Land Use Plan Preparation and Implementation

There are four limitations affecting effective implementation of land use in urban areas:

Urban plan preparation and implementation

There are difficulties relating to plan preparation and implementation as well as well as popularizing the plan to allow public ownership at all stages. Urban areas lack skills and capacities to prepare and implement urban schemes. The current growth and behavior of

developers requires flexible urban planning schemes to respond to policy changes, developers and community interests. This is only achievable if **urban schemes are regularly monitored and revised**.

There are still many urban centers without approved and up to date urban planning schemes. Urban centers with urban schemes rarely revise the plans. Moreover, some regions and ULGs lack a proper system and budget to prepare, implement and revise urban schemes. This has resulted in failure to implement structural plans.

Cities lack the capacity to prepare a detailed area development plan. This is required to implement a city's structure plan. In cities where private consultants are contracted to prepare urban schemes ULGs rarely update or revise them to respond to changing needs in their city. Experience shows that area development plans have not been revised for three to five periods during which revisions should have been carried out. The result is unwanted urban development trends and activities. Even in big cities such as Addis Ababa, area development plans are not prepared and implemented as should be the case. **Failure to prepare realistic area development plans prevents urban residents from exercising their ownership and user rights during planning processes.** Urban businesses and households have found it increasingly difficult to carry out renovation works over the past ten years. **The negative impact this has on development of urban centers can be seen clearly.**

Detailed area development plans or basic plans should be accompanied by land subdivision as part of the land preparation process. Urban design plans should be prepared for selected areas. Cities lack the capacity to prepare these plans either internally or by contracting out the task. Illegal construction which does not conform to approved plans has been carried out and encroached on potential urban expansion sites. Failure to prepare expansion area development plans, that are a first stage of implementation for increasing the supply of land in Ethiopia's urban centers, has resulted in land lease prices which are higher than the land sale prices, a practice common in developed countries. Seeking solutions to improved land supply to ensure citizens benefit from development remains high on agenda. **This can be achieved by putting in place an improved land supply system.**

Urban plan quality

The second problem relates to internal plan quality. This problem mostly relates to preparation of detailed area development plans and subdivision plans. These plans are intended to improve land use. **However, it is rare that adequate road reserve provision for vehicles, pedestrians and services, standardized public space, recreational areas, play lots for children, appropriate green and open spaces and sufficient parking areas are provided for.** Countries with rapid growth implement urban land use policies by drawing on lessons from cities in different countries. Cities that have achieved urban productivity allocate 30% of the total planned land area for roads and infrastructure, 30% for open space and various public services under public holding and 40% for construction of residential, commercial and industrial developments. The absence of a system to implement this has negatively affected urban productivity in Ethiopia.

Public participation in urban planning

The third problem relating to the preparation of urban land use schemes is the absence of

public participation. The traditional methods adopted by many cities in Ethiopia to prepare urban schemes do not include actual public participation in all stages of plan preparation and implementation. **This results in public resentment about the plans.** The public argue that plans do not take account of their interests. Residents will only take the lead in implementing urban schemes if they have some ownership of the plans. **Real participation guarantees that the implementation of area development plans follows development specification** and criteria agreed during preparation. Increasing public participation in plan preparation and implementation requires that a system is put in place to promote public awareness of the planning process and the urban development plan in question.

Implementation of urban plans

The fourth problem facing the preparation of land use plans is in plan implementation. There are three major issues that contribute to this problem.

1. **Plan violation.** Once the plan has been approved it is a legal document enforceable by law. This implies that any person or group intending to carry out any development must abide by the provisions of the plan. At present urban residents, developers and executive bodies disregard urban schemes in many urban centers in Ethiopia. A system capable of controlling, preventing and punishing violations has not been developed.
2. **The inability to regularly update and revise the plan to accommodate changing needs and other improvements. There is also failure to act within the existing legal framework** (change of user regulations) **to effect necessary improvements.** The rapid and changing nature of urban development plans require amendments even prior to the pre-determined plan revision period. The plan is a legally binding document implying plans are laws in themselves. Any improvements made to better their performance must be done lawfully by authorized bodies empowered by the law. However, the presence of improvements that bypass legally documented procedures governing the system is indicative of gross violations leading to implementation failures.
3. **Lack of capacity to implement the plan at city level.** The urban scheme is not only a legally binding document, but also offers a physical framework within which urban development, whether social, political, cultural economic or environmental, takes place. It is a guiding document by which urban local governments make economic and social plans and commitments to implement the development and growth activities included in the plan period. Capacity limitations hinder effective implementation of urban schemes on Ethiopia. Failure to facilitate and control development implies cities cannot take advantage of the enormous opportunities to better urban centers. Failure to enforce development control results in construction of illegal houses and other developments. The demolition of illegal developments results in property loss on the part of residents and developers, a decision that decreases the development capacity of urban areas. **Urban schemes are key instruments to avoid such wastage.**

2.4.2 Urban Land Supply and Redevelopment

Limits exist in the provision of sufficient urban land that meets all urban needs and

conforms to cities' approved plans. Land supply should be improved by encouraging redevelopment initiatives in dilapidated urban areas. The absence of sufficient and sustainable land supply and the inability to renovate deteriorated urban areas has affected urban development initiatives. In order to take corrective measures analysis is needed of limitations and gaps identified; as follows:

Limitations in prioritizing the development of manufacturing and sales accommodation for industrial zones and MSEs

Creating better investment opportunities in the industrial sector will gradually make industry the basis of the country's development. The GoE Growth and Transformation Plan describes how improved industrial production can help alleviate the foreign currency shortages, support agriculture and create many job opportunities. The GTP focuses on two areas to achieve industrialization.

- The development of MSEs, which will create job opportunities, and
- The development of medium and large industries.

Land preparation will have a crucial role to play in the success of the GTP. Industrial clusters and zones play a big role in industry expansion. One problem in prioritizing and implementing industrial expansion in cities is that previous industrial zones do not meet standards required, are not well-suited for their intended purpose and lack infrastructure. There is also a cluster problem. Related industries are not located in the same cluster of industries and MSEs; this affects manufacturing and sales processes. Moreover, limitations that exist in skills, finance and coordination aggravate the problem. Resolving these issues requires a favorable environment that prioritizes industrial development.

Gaps related to preparation of land for residential purposes

The GoE has designed a strategy to alleviate the current serious shortage of housing. The housing backlog will be removed with GoE support and promotion of private sector initiatives. Progress has been made and more needs to be done. **One of the major problems affecting the supply of land for affordable housing is the existing gap in preparation of land suitable for residential purposes.** Failure to deliver planned and serviced land in expansion areas hinders housing production. Lack of coordination with agencies responsible for provision of infrastructure and services to gazetted residential land affects housing production. Illegal land occupation is common in expansion areas and rent-seeking behavior in individuals and organizations threatens expansion of cities.

Urban centers cannot effect the changes needed because of institutional and organizational limits. These limits have reduced the supply of land available through formal channels (auction or allotment). The demand for residential land is currently higher than supply, resulting in delays in housing completions. Those benefiting from the existing institutional and organizational capacity gap are urban rent-seekers who use urban land to acquire unjust benefits. Cities need to boost their financial and human resources to enhance land supply for residential land use. **Efforts to implement appropriate housing options for urban development and growth must include sustained land supply.**

Limitations in preparing and providing land for social services

The expansion of social services in cities is crucial for the complete package of services and development urban residents demand. **The governmental and private sector interest to expand their services is hampered by insufficient planned and serviced land.**

Limitations in preparing and providing land for various service investment projects

The availability of favorable investment conditions in Ethiopia has resulted in an increased number of investment projects. These require planned, serviced and timely land provision. However, there are limitations in meeting the demand for different land uses. As a result, projects that create employment opportunities and play a big role in economic growth are delayed or not implemented. One of the problems is in preparing and providing small plots of land in response to individual requests which prevents ULGs from addressing various investment projects adequately and on a timely basis.

Where land is provided it is common that the costs of land preparation are not recovered. This impedes cities' capacity to prepare land in an efficient and sustained manner. **Land cannot be supplied to meet demand partly because there is no inventory or analysis of land stocks** - land use type, amount, size, land supply and capacity. The land supply system should be transparent and facilitate speedy land acquisition and other transactions by domestic and foreign investors and individuals. **Lack of a transparent urban land delivery system is one of the major constraints in Ethiopia.** In order for cities to increase their revenue they need to invest in a system that ensures continuous supply of land.

Unless businesses acquire and develop land, income tax collection will remain at a low level. Failure to supply land that meets demand will accelerate the cycle of decline in urban capacity. Cities must design and implement systems that attract investment in services to speed up development. Cities may use auction systems to improve land markets and speed urban development.

Limitations in preparing land for infrastructure development

Ethiopia's current growth and development path encourages urban expansion and calls for infrastructure expansion. The GoE has increased the budget for urban development and introduced administrative reforms to manage the development process. Two urban land problems that require special attention in order to complete infrastructure development projects on time are:

- **The inability to assemble land for infrastructure development resulting from delayed adjudication processes for individual plots of land.**
- **Inability to relocate those affected by proposed infrastructure projects.** The inability to pay compensation fees speedily implies that those households to be relocated continue to occupy land earmarked for infrastructure for a long period.

Lack of integration between implementing bodies, which is associated with rent-seeking, is the main source of these problems. Lack of finance and executive capacity to relocate affected residents aggravates the problems cited above. As a result, projects are rarely completed on time resulting in additional expenses on the part of ULGs.

In addition, the lack of strategic leadership during construction is responsible for many

limits. For example, some of the most common problems arising in urban road projects are increased traffic congestion resulting in increased public dissatisfaction. Putting in place an efficient land provision and service delivery system for urban development and growth will increase public satisfaction and help to build public support for urban infrastructure projects.

Limitations in re-developing dilapidated or deteriorated urban areas

Various reports state that deteriorated and decaying areas in urban centers cover about 60% of urban land. These deteriorated urban environments are characterized by overcrowding, inadequate basic social and economic services, health and environmental hazards and substandard houses which are well below minimum standards set. The majority (about 70%) of residents who live in these areas are living below the poverty line.

Re-development of these areas is one of GoE's priorities for eradication of poverty. Re-development programs ensure that residents receive maximum benefits of changes in the physical surroundings and improve the quality of life in their neighborhoods. Re-development improves the capacity of cities to supply developable land for the benefit of residents. **As part of the MDG goals, the GoE plans to transform slum areas and improve the living conditions of residents that live in slums.** The country is on the right track to meet the MDG slum reduction goals and total eradication in GTP II (2015/16-2019/20).

In addition to training personnel and seeking solutions to improve city budgets, **cities need to embark on efforts to stop illegal land occupation in expansion areas.** Unplanned settlements in expansion areas are increasing over time, a trend that has increased the spatial extent of slums, a scenario that the GoE seeks to control.

The following can be attributed to ineffective re-development projects and slum proliferation:

1. **The lack of specific re-development organizational units** at different levels impedes the program. Specific re-development organizational units can help to play a leading role in arranging activities from inception to completion and can mobilize the material and financial support needed. The lack of a lead organization to coordinate the activities of various decision making bodies that tend to operate independently remains a serious bottleneck to the implementation of re-development programs.
2. **Lack of a comprehensive, transparent and accountable system** to implement re-development programs and projects in dilapidated areas. Area development plans, city design, sample development plans and land use apportionment and follow up are lacking or highly ineffective. The manner in which redevelopment initiatives are implemented is frequently contrary to the expectations of the public and results in delays. It is important to note that redevelopment programs are directly linked to and affect people's lives. However, community representatives and those directly affected are rarely involved in the final approval.
3. **There are limitations of implementation capacity in urban areas**, coupled with the shortage of alternative implementation mechanisms to solve these problems
4. **There is no mechanism to prevent future proliferation of illegal developments.**

The absence of urban land information banks

A system that allows for initial preparation of urban land to be utilized for various purposes should be in place. Serviced land is needed to accelerate economic and social services, construction of houses and development of industries among other uses. An urban land information bank system will enable ULGs to allot land quickly and enable speedy construction. Currently the common practice in cities is to start preparing land for allocation at the time demand arises. This practice results in delays in allotting land for investment and the need for ULGs to develop land information banks is a matter of urgency. The small quantity of land that is prepared is often illegally occupied due to weak enforcement of development control. Failure to prepare sufficient land in advance of need is a serious setback to annual plan implementation. **ULGs should organize an urban land information bank, prepare sufficient land and store the land in an urban land bank in order to promote urban growth.**

2.4.3 Limitations in Land Provision and Land Market

The current land provision and land market is associated with several serious problems. **One of the major problems is a rent-seeking attitudes and practices**, which influence the urban development and growth process. Lack of a system that ensures sustained land supply that meets development demands in cities is hindering rapid urban growth. The few parcels of land prepared for auction are leased at high rates; a trend that is increasingly encouraging rent seekers in the land sector. The failure by high income groups to obtain land for investment, by participating in auctions or being allocated land at fair prices, forces rent seekers to look for channels to acquire land by bargaining with those in the bureaucracy and through corruption. Even where the GoE provides land through negotiation (in a limited number of cases), substantial illegalities arise and contribute to the system of land provision currently practiced.

Corrupt practices have introduced complexity, caused suspicion and negatively impacted on manufacturing project, which contribute hugely to Ethiopia's development. The first problem is that buyers pay less money to acquire land than it is worth. This is because the negotiation does not involve competitive bidding and carried out bureaucratically. As a result, cities lose potential revenue they need to accelerate urban development. In some negotiations, ULGs pay compensation based on estimates and provide the land for free; this results in substantial losses. In some cases, rent-seekers have rented GoE property for hundreds of thousands of Birr per month, in the name of a bargain. Due to the negotiation process and its impact on cities' income, ULGs could not provide land through auction. Even those who previously secured land through negotiation prefer to transfer it through illegal means so as to become rich quickly instead of investing in land development. As a result, the **land allocation processes have weakened investment and become a hindrance to the growth and development process in cities.**

The desire to exchange land illegally has expanded; the broker and the individual hoping to get rich through illegal channels collaborate to gain land through illegal competition. Government attempts to correct the problem by increasing transparency and accountability have been hampered by illegal dealers and beneficiaries who spread propaganda to confuse the public. They have caused urban land and land-related property prices to rise outside the influence of free market competition. This has become

a big obstacle to urban growth and development. It has also spread a mentality of getting rich the easy way through rent-seeking. Thus, **the fight against rent-seeking has been intensified by:**

- Rectifying the urban land provision and marketing system by **ensuring a sustained supply,**
- **Setting up a transparent and accountable system,** and
- **Solving the challenges the sector faces** are activities of realizing Ethiopia's renaissance by eliminating poverty and ensuring a sustained urban development and growth.

To put these actions in place **GoE and citizens should strive to breakdown rent-seeking networks and build the developmental path.**

2.4.4 Urban Land Administration

Limitations in undocumented land holdings and illegal holdings

Land holdings without proper documents refer to those holdings that have been legally allocated by an authorized body for residential or other purposes but lack proof of ownership in the hands of those to whom the holdings have been allocated. **The causes for the existence of land holdings and houses without proper documents are:**

1. **Before proclamation 47/67** unless the property was purchased from or the purchase approved by the *rist* holder², land holdings allocated to tenants could not be registered or receive land holding certificates from the ULG. Holdings which received maps from the ULG were regarded as the individuals' property. Thus, the *rist* holder refused this practice, because they did not want to lose the benefits and possession of the land. Thus, **most holdings of this nature lack documents.**
2. Before proclamation 47/67 was decreed on December 20/1967 EC (1974 GC), people who owned urban land but lacked a house on it were allowed to use 500m² of their land for house construction. However, since some people built their houses after December 20/1967 GC the ULG stopped giving holding confirmation maps due to the change in proclamation. The proclamation declares holdings above the 500m² ceiling/limit as extra and the GoE's property. Since the anti-democratic government at the time failed to set executive rules and regulations, **such holdings face the same fate described in 1, above.** Although some holdings have been presented to the Ministry of Urban Development and Housing³ on time and have received ownership confirmation maps, **most holdings**

² The *rist* system is characterized by the principle of acknowledging access to land (use rights and transfer rights without land alienation) by all descendants of people from a common ancestor and in an ambilineal way (the right to inherit land from father's and mother's line of descent). The *rist*/kinship tenure system was most prevalent in the northern part of the country whereas private tenure predominated in much of the rest of the country. Government tenure was most prevalent in the lowland and pastoral areas of the country. Current land policy issues in Ethiopia, B. Nega, B. Adenew and S. Gebre Sellasie. 2004. Ethiopian Economic Policy Research Institute, Addis Ababa.

³ And the ministries that preceded it that were responsible for urban land rights.

lack the necessary documents.

3. **In the land administration system prior to proclamation 47/67**, if occupiers of urban land rented the land with a map registered under the *rist* holder's name, **they returned the land to the rist heir upon completion of the lease period.**
4. **People who lawfully took land for organizational or residence purposes** from institutions with authority to allocate land but were not given proof of ownership (after the declaration of proclamation 47/67) **still have not been granted proof by means of an ownership map.**
5. Some residents of areas that were **transferred from rural to urban administration** have still not been granted proof of their holdings after their incorporation into urban administration.

Though these holdings are legal, they lack the necessary documents, are not recognized by urban land holding administrations and **the owners do not know what to do.** The large number of holdings falling into this category in Ethiopia's cities requires immediate action **to recognize their rights to the holdings through issuance of documents that provide secure proof of ownership.** Failure to do so will have a negative impact on the development of good governance in cities and hindering GoE's efforts to build a free market system.

An illegal land holding is a plot of land held without the authorized body's permission and knowledge through illegal occupation and corruption. Because most cities are not fully aware and have not registered or utilized the land within their administrative jurisdiction, it difficult for them to protect land from illegal activities and administer land properly. In urban expansion areas illegally occupation and construction are common; a practice that contravenes cities' urban plans. This leads to reduction of available land, and restrictions on the use of land for the desired economic and social purposes, in accordance to the approved plan.

Due to the increase in illegal holdings, urban land is not properly used for development. In addition, green areas, open spaces and river banks intended for ecological and public use are illegally occupied. Illegal occupation and unauthorized holdings have made worse the internal and external arrangements and networks through which the bureaucracy collaborates with other parties. This has negatively impacted on cities' efforts to solve land related problems. For these reasons all involved parties should solve this problem and introduce a sustainable land holding administration system.

Problems of un-subdivided land holdings, and below and above standard holdings

Improving the productivity of the land holding governance system will mean that problems are fixed in those cases where owners: whose land was subdivided, with under-developed holdings, and who cannot get proof of ownership because their land is below or above land holding standards.

Illegal subdivisions that are below set standards are common in illegally occupied areas that do not conform to the city plan. This has negatively impacted on the urban land use system, making it difficult to develop a cadaster system.

Many citizens cannot get access to capital funding and amenities as their subdivided lots fall below set standards. A considerable number of residents, particularly those who live

in older parts of cities), whose land area are below set standards and lacks shape requirements, find it difficult to secure proof of ownership or even use their land. Many landholders possess excess land, which for many years has not been put to use. Existing ownership arrangements makes it difficult for GoE to promote legal and economical use of urban land. For this reason, it is necessary to bridge these limitations and correct the land holding administration system.

Lack of modern holding documents and folder administration system

One of the problems in urban land holding administration is a lack of holding documents and folder administration. Given the sensitivity and value of the land holding document, publication should be carefully handled and caution must be exercised during distribution of documents. However, land holding documents are often published randomly by various publishing institutions. In some land administration institutions, the land holding documents are prepared in soft copy and published in bulk, sometimes by different professionals. There is no password to ensure full protection. As a result, land holding documents are exposed to fraudulent and illegal activities. There are problems that arise in the registration of, damage to, wastage protection and proper utilization of published documents. The Ministry of Urban Development and Housing has learned from criminal investigation reports that land holding documents are published illegally and are often misused.

The limitation in land holdings folder administration was at one time a major problem. A land holding folder is a legal folder assembled for an owner who has been legally granted ownership rights by an authorized body. Due to collaboration between criminals working inside and outside the bureaucracy, the documents of the rightful owners are misplaced and land rights are acquired land illegally using forged documents that claim legitimate ownership rights. Land holding folders' administration involves proper registration, assembly and storage in safe custody. Land holding folders' administration should be transparent, efficient and accountable. This is not the case at present and, as a result, complaints of complete or partial misplacement of client holding folders have increased.

The main causes of the problems relating to administration of urban land holding documents and folders are a lack of reforms that strengthen institutional arrangements and a lack of skilled personnel. This has encouraged those who seek to engage in illegal activities and rent-seeking behavior and attitudes. A problem in administration of urban land holding documents and folders not only affects the delivery of land development and management services, but also prevents citizens from accessing land holding documents for land and land-related permanent properties. It is important that these problems are addressed to speed up the development of the land holding administration system, to increase public trust in the urban local governments' ability to handle data and accelerate urban growth and development.

Limitations caused by absence of a modern and useable cadaster information system

Modern cadastral information facilitates GoE in delivering efficient land development and management services, strengthens urban local governments' income capacity, supports citizens' economic activities and ensures the success of development goals and plans. Those countries that established a modern cadaster have benefited. However, Ethiopia has been slow to put in place a system to collect and manage land and related data or

develop modern land administration techniques that support national development. The few cities that started preparation for, and organization of, cadaster projects have found the results unproductive due to several limitations. The limitations identified are as follows:

1. **Poor sequencing:** Capturing and organizing a city's cadastral information is very challenging. Ethiopia's attempt to bring together in an organized way all the cadaster information in a city failed to be fully implemented in the time frame expected. The failure is attributed to the amount of data to be assembled and the budget and capacity available to undertake the exercise.
2. **Failure in system use at different levels:** It is important to note that cadaster information is used for different purposes at different levels: i.e. local (city), various agencies, regional, national and global. The information assembled at urban level is not necessarily organized and customized to suit the needs of different users.
3. **Uncertainty with regard to sustainability:** Although some cities have established a land information data base - with the limitations described above - it is not updated with sufficient regularity or frequency. As a result, there is a huge gap between the existing cadaster data and the current situation, particularly in land development and management. The main causes of this problem are: poor accountability, institutional capacity and unclear data ownership.
4. **Forgery:** The extensive presence of data forgery in cities coupled with the absence of an accountability system remains a major problem.
5. **Automation syndrome:** Automation is regarded as the only valid mechanism for assembling cadaster and other land holding information. Although land systems automation helps to manage data, it is not possible to introduce automation in all the cities due to high cost and lack of capacity. It is of concern that manual configuration has been disregarded as an alternative option, given the financial and capacity constraints.

Limitations in determining property values to set tax and land lease rates

Cities raise their income from tax, rent and associated service charges so they can provide and maintain urban services and facilities and expand infrastructure. However, they face huge budget deficits in meeting these responsibilities. The causes for deficits are:

1. **Lack of sufficient and reliable property (land and buildings) valuation knowledge and skills.** The gap in valuation skills and experience has resulted in use of traditional methods that lack transparency among other limitations. Use of traditional nontransparent methods means that cities undervalue land and related property, resulting in a failure to realize the full benefits of property and land related tax.
2. **The absence of a system for up-to-date capture of changing property values and land rent determination:** The lack of modern valuation methods results in different estimates being presented for the same property for different purposes: compensation, property transfer, taxation and loan provision. The problem is made worse by the vulnerability of the system to rent-seeking activities which

threaten bankruptcy of cities and the government.

Limitations in use of an urban address system in land development and management

An urban address system identifies: a locality, a road, a holding and a building's accurate address. It facilitates delivery of full administrative services to residents. The absence of a standardized address system has resulted in a failure to respond immediately to accidental fires, police inquiries and in introducing modern systems for delivery of basic urban services. The inability to collect tax, water, electricity and phone bills using an urban address system has reduced income collection and land holding administration. The main causes are the absence of a transparent and consistent operational system, lack of the appropriate skills and experience and the absence of an organization with capacity to develop and manage the system. To eradicate these problems it is necessary to developing a modern urban address system that satisfies residents and provides support necessary for urban development.

Limitations relating to absence of basic and cadastral maps

Cities in Ethiopia lack a system by which they can provide access to land information for various users. Attempts to establish a legal cadaster in some cities have not been successful because of unclear objectives. There is an absence of a system that allows **capture of up to date land information** and is **supported by a legal framework** that **legitimizes and safeguards the information**.

Ethiopia **lacks a system that provides the critical means to determine the type, level and quality of basic and cadastral maps and provides for their approval**. Ethiopia lacks **organizational capacity and institutional framework nationally** for approval of land development and management systems. The country **needs trained surveyors** to prepare maps that capture land information to the required level and detail. There is no **system to register and prevent violation of citizens' land holding rights by executive bodies**. The basis for immovable property registration is a legal document. Efforts to ensure that those who lack legal documents acquire them on time have not yielded the results expected. **The inability to streamline sub-standard and un-allotted holdings** has had a negative impact on all aspects of urban development.

2.4.5 Property Rights for Immovable Property

It is recognized that the foundation for successful development in developed industrialized countries is the presence of a free market system. Part of this foundation is provided by the system that ensures that citizens are given uncontested immovable property rights. Article 40(7) of the constitution guarantees the protection of citizen rights to use the land. Article 40(7) grants citizens' ownership of permanent property built on the land. Every Ethiopian holds the right to permanent property (including any other improvements made thereon) they build, using their labor or money, on their land. The citizen is granted rights to buy, transfer ownership, inherit or vacate their property when they stop using the land or to demand compensation. However, organizational capacity - an appropriate body - to register citizens' urban landholdings is lacking. The presence of organizational capacity ensures that decision-making bodies respect land holder's rights as these are supported by law. This deficiency has endangered citizens' ownership rights as these rights may be decided by powerful office bearers who may at any time deny

them their land holding rights based on limited or no evidence at all. The registration of immovable property is based on legal documents. However, failure to adjudicate and grant land holders recognized and secure legal documentation, eliminate illegal, substandard and un-allocated holdings quickly, has negatively affected urban land development and management.

Basic limitations in registering and fully recognizing citizens' land holding rights include:

1. **The absence of strong organizational arrangements** for registration of immovable property and property user or holding rights;
2. **The absence of a clear institutional framework and operational systems** for registration of immovable property and property user or holding rights; and
3. **The absence of professionals and strategic leaders** with sufficient skills and experience in land development and management.

Registration of immovable property rights (or land holding rights) ensures economic development and growth. This is achieved by **granting security of tenure, recognizing and securing property rights and facilitating free market transactions in property rights**. It is a matter of urgency to increase efforts to deal with the limitations identified.

Limitations in detecting and managing rent-seeking web and creating favorable conditions for a developmental political economy

Rent-seeking involves the use of public wealth and GoE funds by those in the GoE bureaucracy together with those outside GoE, in organized and complex relationships and networks, for personal gain. One basic indicator of the implementation capacity of land development and management institutions is the ability to create an effective mechanism to detect, and control a web of rent-seekers affecting land development management and property markets. In this regard, three substantial limits are identified:

1. **Rent-seeking that arises from intangible attitudes - rent-seeking, theft and corruption.** This can be prevented by encouraging the public at large, leaders and decision makers to condemn such practices, through continuous education, training, and mobilization at all levels. Because rent-seeking is widely and deeply entrenched in urban land practices, activities that promote attitudinal change, either at the individual level or more widely, have been limited.
2. **Rent-seeking as expressed in practice and action.** A measure of effective land development and management is the ability to ensure that rent-seeking practices and actions are completely eliminated. To achieve this requires a **strong organization, transparent working procedures, an up-to-date information system, strong procedural and quality audit system, active public participation, and a regulatory system for punishment of irresponsible negligent rent-seeking and corrupt executives** that is well supported by law.
3. **Land development and management institutional effectiveness and organizational capacity** are ensured when rent-seeking practices are completely eliminated. Ethiopia's urban **areas lack an information system that supports enforcement of law**, for example a system to **encourage and incentivize whistleblowers** and specialized organizational means act on information; carry out quick unannounced inspections and follow up related cases and tasks.

Creating an environment for effective detection and prevention of potential and existing rent-seeking networks is part of building the developmental political economy required.

Limitations in preparing programs and creating a capable organization

Implementing a land development and management system and developing programs that can be applied and replicated nationally requires a strong organizational structure. Problems that need immediate attention are:

- Delay in preparing a comprehensive program,
- Creating the organizational capacity needed,
- Putting in place skilled and experienced personnel, and
- Putting in place sustainable financing mechanisms.

Limitations in legal frameworks for land development and management

There are several limitations in preparing and implementing legal frameworks for land development and management. Legal frameworks are very important. Specific issues in the sector need to be supported by laws. Laws are also needed to respond to societal demands and to effect improvements over time. Issues that require support of or improvements in law are:

1. **Inappropriate handling of property matters** which encourages the public to engage in illegal activities and causes controversy;
2. **Lack of uniformity in the laws** made at various levels, including the presence of conflicting legal frameworks, particularly, in ULGs;
3. The challenges are not limited to establishing legal frameworks, but **also concern their implementation**, including:
 - **Absence of implementation manuals**,
 - **Lack of awareness on frameworks** and/or manuals, and
 - **Lack of a strong organizational setup** and **operational procedures** to manage implementation.

For these reasons, action should be taken to fill the gaps in preparation and implementation of laws if land development and management is to be effective.

Limitations increasing capable human resource development system

Ethiopia faces a significant limitation in securing and making effective middle and high level professionals and leaders. This has had serious impacts on land development and management and property markets. Correcting this limitation through professional development and personnel recruitment can change land development and management capacity positively.

Limitations in organizing study, research and competency centers

Currently, no urban land development and management competency center exists. The center would evaluate and ascertain land development and management capacity and conduct effective studies and research to incrementally boost land development and

management capacity. An urban land development and management competency center can also help build the land development and management operations and leaders to reach higher levels of achievement. Measures are needed to reverse the current inability to execute basic tasks.

Limitations in establishing a modern information system

One of the limitations of the current land development and management system is the failure to establish a modern land information system. Information centers and banks are not currently organized in cities. A compatible and complementary network system, at cities, regions and federal level is lacking. Lack of a modern information system means the public cannot easily access urban land information. This has crippled the capacity of land administrators to perform their tasks and meet public expectations. This gap should be addressed.

Limitations in securing sustainable financial supply for land preparation

Ensuring sustained urban land supply that supports accelerated urban growth and development is high on GoE's agenda. However, several factors hinder the attainment of this aim. Acute financial shortage in urban areas limits compensation payments and infrastructure expansion efforts. Studying and implementing alternative financing possibilities reveals a huge gap. It is appropriate to build a sustainable financial supply system to facilitate urban growth and development through continued urban land provision by strengthening land development and management implementation capacity.

Limitations in working environment and meeting operational and logistical needs

Establishing sustainable land development and management procedures, takes considerable time, usually years. The absence of an enabling environment, sufficient appropriate tools and logistical support in Ethiopia's cities prolongs the process. The influence of these factors on land development and management implementation capacity cannot be ignored. The financial limits and inadequate attention paid to the problem make the situation more complex. Efforts to raise awareness about land development and management implementation capacity are well below expectation, given the need to improve the sector. Actions to solve the problem are needed.

Limitations in public participation in urban land development and management

Initiatives to increase public participation in land development and management will play a vital role in increasing effectiveness. Currently, public participation is poor generally and particularly in land development and management. **Ignoring public resources results in:**

1. **Increased illegal occupation of urban land,**
2. **Land and property document forgeries,**
3. **Failure to regularize and carryout inventories** on a timely basis, and
4. **Weak capacity** of those responsible for proper functioning of the land development and management system.

Failure to reach an agreement with the general public on participation in the land sector

has resulted in an increase in the number of people engaged in illegal activities. The lack of mechanisms and operational systems that bring about public participation remains a major constraint in addressing land invasions that result, in communication and participation of affected parties. **Establishing a system that ensures participation of the general public is important** if the challenges faced are to be resolved.

Limitations in private sectors participation in urban land development and management

Efforts to identify the role the private sector could play have been unsuccessful. Ethiopia continues to look for solutions that minimize the negative impact this has on implementation capacity. Cities need to learn from the private sector in addressing their experience gaps. However, there is need to realize that the private sector also has limitations similar to those faced by ULGs. Reducing limitations that face both the private sector and cities will ensure their capacities are strengthened and continuously upgraded to levels that sustain comprehensive growth and development.

3 POLICY: VISION, OBJECTIVES AND PRINCIPLES

3.1 VISION

The vision of this Urban Developmental Communication Strategy is to realize the vision stated in the Urban Development Policy as follows:

The Vision of the Urban Development Policy is realizing the development of complementary, prosperous and internationally competitive urban centers, which will also serve as centers of development for their hinterlands and paragons of democracy, by enabling them to generate development and deliver efficient services to their inhabitants and ensuring their livability through plan-led development.

The vision of this Urban Land Development and Management Policy and Strategy is

“To create a land development and management system that serves as a basis and vehicle for the development of Ethiopia’s political economic transformation process.”

3.2 OBJECTIVES

1. To ensure **proper allocation of the right proportions of land** for public space (public infrastructure development and construction) and help cities to achieve cumulative growth that is guided by approved urban schemes and development regulations;
2. **To create a land development and management system that guarantees sustained supply of land that matches the pace of development in Ethiopia;**
3. **To increase accessibility, transparency, fairness, developmental nature and accountability** in urban land markets and land delivery systems;
4. **To support cities’ land and property inventory and registration** initiatives and prevent asset depreciation and illegality;
5. To facilitate the development and growth process by **safe guarding people’s property rights** and **increasing property security of residents;** and
6. To enable the urban centers to **take advantage of modern technologies and techniques** to implement a **land information system** that meets Ethiopia’s development dynamics and demands.

3.3 PRINCIPLES OF LAND DEVELOPMENT AND MANAGEMENT

1. To **create dynamic, competent and fairly serving professional staff** for land development and management. **Strategic leaders** and those responsible for implementation will respond to land and land information demands arising from the ever increasing investment in the country.
2. Land will be used efficiently and developments on urban land will conform to

approved urban schemes. 30% of designated urban land will be allocated for public common services, 30% for urban roads and infrastructure and the remaining 40% for construction.

3. Urban land delivery procedures and administration will be **transparent, accountable, facilitate development and stabilize land prices.** The land development and management system will **ensure sustained and efficient land supply.**
4. Urban local governments will ensure that **land provided for housing and work** (commercial, industrial, MSE, etc.) areas should be serviced prior to construction. Roads shall form the template for development of public infrastructure and services.
5. Urban local governments will **ensure availability of adequate, suitable and affordable land** for housing and work (commercial, industrial, MSE, etc.) for low income households.
6. Urban local governments will **ensure that land shall be transferred to developmental investors** to build and sell or rent houses using a transparent and accountable method.
7. Urban local governments will **facilitate the marketing process for land and land transactions by establishing and updating land registers** using modern automated technology as part of accelerating development and land governance.
8. Government will implement the provisions of the constitution of the Federal Democratic Republic of Ethiopia by placing land and natural resources under its ownership in trust for the people to allow common use and growth by creating working procedures and organizational capacity which helps fulfill its responsibilities. The democratic government will ensure that approved legal frameworks are appropriately implemented.

4 URBAN LAND DEVELOPMENT & MANAGEMENT POLICIES AND STRATEGIES

The Urban Land Development and Management Policy guarantees the right to lease government owned land for a specified period of time. This has enabled the GoE to exercise control over land on behalf of the peoples of Ethiopia that can be allocated for public and private use. Government pays fair compensation for properties held by private users before the land is expropriated. The policy helps to stabilize land and housing prices and ensure their equitable distribution to investors and those with low income.

The Urban Land Development and Management Policy allows users and interested individuals to lease land with long-term rental payments instead of buying land and making payments all at once. This rental modality allows them to use the money available at the time of allocation of land for the construction and other purposes. GoE's aim is to create opportunities for citizens to take advantage of on-going development. The modality adopted stabilizes land and property prices. The Urban Land Development and Management Policy encourages identification and use of land for approved purposes making ownership of buildings equitable and just. This will accelerate economic development, making it sustainable and equitable. The GoE will build a strong executive capacity and ensure participation of the public as a priority. The aim is to deliver an urban land policy that meets Ethiopia's ever increasing development needs and promotes the growth of a free market.

4.1 URBAN LAND DEVELOPMENT AND MANAGEMENT POLICIES

4.1.1 Preparing and Implementing Urban Land Use Plans

General Overview

The urban land use plan is a key tool for guiding the development and growth of cities. For this reason ULGs should prepare and implement urban schemes. Urban schemes should harmonize land uses and the development in areas surrounding cities. Structure plans should be prepared that promote sustainable development of land uses. Structure plans must be accompanied by detailed Neighborhood Development Plans which will allow for sub-division and design in cities. **Basic plans should be prepared that guide sustainable land use in urban centers with small populations** – as designated by the national city categorization system. Of the total land within the boundary of a city, urban schemes should allocate 30% for public use, 30% for roads and related infrastructural development and 40% for construction (based on the principles of land allocation measurement). Cities will put in place and take action to enforce legally defensible administrative actions that compel individuals, communities and developers to engage in the preparation and implementation of urban land use plans.

Objective

To satisfy residents' demand by preparing urban land use plans that help achieve the development goal of Ethiopian cities, eliminate dense, overcrowded housing and

neighborhoods and provide (according to set proportions) land for infrastructure and building construction.

Policy

1. Urban land use plans should, while **including basic demands of residents and the growth direction of cities**, pay special attention to **developing shared public spaces and green areas**, including parks, for recreation;
2. Urban land use plans should be **prepared and regularly revised to accommodate rapidly changing urban demands of urban growth**. Land use should compel actions from different stakeholders to realize its objectives. The **plan should be participatory and owned by the public**;
3. **Mechanisms to facilitate successful implementation of urban schemes** should be put in place and enforced. The measures should strengthen the capacity of stakeholders to participate in realizing the plans in cities;
4. **Urban schemes should be prepared within the existing legal framework**; and
5. A sustainable system of implementing a **coordinated city expansion program** should be established and implemented.

4.1.2 Land Supply – Industrial Zones

General Overview

Modern industrial zones should be developed to predetermined standards in urban centers to enable them facilitate industrial development. Industrial development includes manufacturing institutions and factories and requires extensive land, raw materials and well developed road infrastructure, reliable electricity, water and telecommunication lines. For these reasons, it is important to develop industrial zones in cities to accelerate development.

Objective

To lay the foundation for industrial development by enabling modern and standard industrial zones to flourish in cities

Policy

1. Land should be appropriately **identified, defined and fenced for the purpose of industrial development** in regions and cities;
2. ULGs will ensure that the industrial land earmarked, demarcated and fenced is **provided with supply of raw materials, ports and transport networks, national and regional power supply network and other services** that improve industrial productivity;
3. The development of industrial zones should **ensure protection of and where necessary restoration of the environment**. A follow up system will provide constant supervision to ensure environmental objectives are met;
4. Industrial zones will be organized so as to **facilitate commerce, production and provision of full services for those working in industrial zones**;

5. Implement, based on detailed research and studies, **joint venture and partnership mechanisms that build financial capital and skills** required for industrial zone development – include strengthening private sector involvement;
6. It is important to develop industrial zones that meet **national and international standards and requirements and which can be evaluated and ranked**. The inputs necessary for each level and evaluation can be provided and each zone should have potential to upgrade to higher levels of competency and appropriate strategies. A **legal framework is needed** to guide industrial zone implementation. **Administration of industry zones**, particularly those established by the private sector will be addressed. Issues to be studied and implemented included **transfer and administration of industrial properties by third parties using sub-leases**; and
7. Study and implement away to **help small enterprises which upgrade themselves to the medium enterprise level** secure significant developmental benefits.

4.1.3 Land Supply - Housing

General Overview

The dramatic growth of urban populations has resulted in an increase in demand for economic and social services which has caused a huge gap between the demand for and supply of housing. The GoE and other actors have increased efforts to minimize housing shortages. However, the supply of housing has remained too low. One of the reasons for the shortage of housing in cities is a lack of capacity to prepare and deliver sufficient serviced land for housing construction. Efforts to resolve housing shortages are hampered by inadequate land delivery. This has resulted in dramatic increases in house prices. For these reasons, it is important to increase the amount of land supplied for housing construction.

Objectives

To alleviate housing shortages in urban centers by providing sufficient land that is accessible, affordable and appropriately located.

Policy

1. Ensure **sustained land provision to eliminate housing shortages**;
2. Establish a **development mechanism to ensure the provision of land for housing expansion** in cities, build the capacity of cities, **encourage residents and other stakeholders to participate** in developing an economical land use system; and
3. **Prioritize the provision of infrastructure**, particularly roads, as part of land preparation for housing expansion.

4.1.4 Land Supply - Social Services and Public Use

General Overview

Expanding social services, particularly, access to education and health services, in cities will increase the number of educated and productive citizens and help accelerate Ethiopia's economic growth. Allocating ample space for green areas and open spaces

enhances the quality of life of residents and increases their productivity. Currently, land allocated for such amenities is inadequate. Where it exists it has often been illegally converted to other land uses. Land supplied for social services must meet set standards and be implemented in approved urban planning schemes.

Objective

To speed up the social development process and promote the productivity of citizens by preparing and supplying land for social services in cities.

Policy

1. Social services improve the knowledge of residents and contribute to building humanistic and spiritual values. **Sufficient land should be made available in cities to increase the provision social services;**
2. **Standards are needed to regulate the type of service,** level and number of users of land prepared for social services, green area and park expansion. **Social services provided should be included in approved urban plans and in future needs assessment;** and
3. ULGs have limited capacity, particularly when developing land for governmental and religious use. **Developers should contribute financially to help cover land serving costs;** at a minimum compensation costs of displaced residents. This will reduce the burden on ULGs and ensure sustainability of development activities.

4.1.5 Land Supply - Investment Projects for Services

General Overview

The favorable investment environment in Ethiopia has attracted a number of service organizations who want land for investment projects. However, there is a shortage of developed (serviced) land and for this reason implementation of investment projects is delayed. The economic benefits that could have been gained are lost. For this reason, it is important to supply developed land timely, so that investment projects contribute fully to development by creating jobs and facilitating economic growth.

Objective

To build a sustainable and efficient land provision system that fully supports accelerated development in cities through land auction, special and regular land auctions and allocation of land at reasonable prices for investment projects.

Policy

1. To expand investment, **land will be prepared on a continuous basis** so that it can be used for the execution of service investment projects; and
2. Since adequate land should be prepared for investment projects and requires the **provision of infrastructure and services, it is important to study and implement different modalities of land supply.**

4.1.6 Land Supply - Infrastructure Provision

General Overview

The supply of cost effective infrastructure is crucial for industrial and commercial development. Infrastructure speeds up the growth of cities and increases their competitiveness. Expanding infrastructure in cities improves residents' standard of living. Effective provision of cost effective infrastructure is possible where public land exists in large quantities.

Objective

To achieve timely and cost effective development by securing land for expansion and development and providing infrastructure and services (including roads) that form at least 30% of total the urban area.

Policy

1. **Establishing an equitable compensation system for displaced residents** or allocating them alternative residential areas and **preparing land for infrastructure and services expansion**. Land utilization should be done within the existing formula; and
2. **Establishing and implementing a system to enable infrastructure providers** to use limited financial resources to the fullest, productively and efficiently.

4.1.7 Urban Redevelopment

General Overview

Redeveloping dilapidated and old areas of a city improves health, the physical appearance of cities, eradicates poverty and strengthens land provision efforts at low cost. This form of development reduces current social, economic and physical ills.

Objective

To create a livable and working environment, strengthen the bond between citizens, and ensure citizens are the main beneficiaries of redevelopment initiatives.

Policy

1. **Redevelopment is one of Ethiopia's poverty reduction tools** and is based on the **participation of residents in resettlement programs that maintain social bonds**; and
2. The complex nature of redevelopment **requires the participation of many institutions and organizations**. A **system should be established to integrate, coordinate and lead different activities**, with **private sector participation**.

4.2 LAND ALLOCATION AND MARKETING

General Overview

The goals of urban land allocation and marketing can only be realized if the systems are

transparent and accountable. Public access to information about how and who discharges land allocation and related services is important. Information should be clear to all in order to hold accountable any individual who acts contrary to the land laws and allocation procedures. Thus, creating a system free of rent-seeking can greatly contribute to the development and growth of cities.

Objective

To eradicate rent-seeking by building a land allocation and marketing system that is transparent, accountable and promotes honesty in order to accelerate the development and growth of cities while taking full account of the specific circumstances of each urban centers and ensuring that developmental political and economic activities thrive.

Policy

1. **The land marketing system will be conducted by means of auction in urban centers.** Regions and ULGs will **allocate land transparently and only for purposes specified in laws. Special and regular land auctions** will be conducted in an appropriate and relatively balanced manner;
2. **The auction process will be based on a permanent regular schedule and information will be made accessible to all to ensure transparency and equity.** Special and regular auctions will be conducted in an appropriate and relatively balanced manner;
3. Stabilizing - making consistent - land auction prices is a priority if development of urban centers is to be effective and their growth accelerated. **Mechanisms to eliminate and prevent activities that disrupt auction processes** will be designed and implemented;
4. To relieve cities of some of the burden of land allocation and marketing, **a benchmark (starting) price for land lease** will be timely prepared. **A mechanism will be developed that provides decision making bodies with the capacity to determine the land prices.** A system will be built to ensure that **annual land taxes** are not less than the starting land lease price. The revenue from this will help to prepare more land for different uses;
5. **Ensuring appropriate use of land during urban development is important.** A system will be established to enable this and a mechanism to support the system will be implemented; and
6. A system will be established to manage effectively those cases where a **lease owner wishes to transfer their land to another party** (other than by inheritance) before completion of 50% of the construction work. **An organization will be put in place and given capacity to manage such cases** and facilitate the transfer process.

Considering **the benefits of a modern land and land-holding management system in contributing to the development and growth of cities**, alleviating current bottlenecks and making the system more robust and reliable is essential. The following are needed in order to realize the transformation planned with regard to land management:

4.2.1 Legal Documents as Proof of Ownership

General Overview

Establishing a sustainable modern landholding management system requires adjudication to establish proof of ownership of land. To this end, it is important to focus on illegal and undocumented ownerships and set deadlines to correct the illegalities. Proof of ownership (legal documentation) will be issued to those who do not currently possess proof and structures on illegal land holdings should be demolished.

Objective

To provide legal documents as proof of ownership for undocumented landholdings, regulate or demolish illegal structures. This will compel responsible executive bodies to urgently work on the implementation of the policy.

Policy

1. **Issue of legal documents for undocumented landholdings will receive priority,** while conforming to the approved city wide structure plan of the urban center and the planning law;
2. The process of **documenting undocumented landholdings will be transparent and accountable and will be guided by a detailed legal framework based on the urban center's land management plan.** As long as these are legal, those whose built property contravenes the land management plan should be given a compensation payment and an alternative site for the same purpose;
3. **The process of demolition of all built structures on illegal landholdings** should conform to the land management and allocation plan of the urban center. The process should include **eradication of rent- seeking and prevention of illegal land appropriation. Illegal land use** which contravenes the land management plan will **not be compensated or allocated an alternate site;**
4. Failure to document and retrieve illegal landholdings on a timely basis results in a growing backlog of work. To address this **an implementation system will be developed that helps achieve goals of individual projects and aligns land development and management activities with the law and regulations in order, among other benefits, to recover lost urban center revenues;**
5. One key reason for illegal land occupation in urban centers is the **failure of urban local governments to clearly identify, define and enforce their boundaries.** ULGs need to **identify and register the land within their jurisdiction, make an inventory of land and monitor developments** of all land; and
6. Because illegal occupiers of urban land connive with urban local government decision makers and other executive bodies, commitment from all responsible stakeholders is needed to **ensure accountability in accordance with the Urban Lands Lease Holding Proclamation 721/2011.**

4.2.2 Management of Unallocated Landholdings

General Overview

Urban development that does not comply with approved city layout plans has resulted in proliferation of unallocated, sub-standard land parcels that are oversized. This has made effective urban land management impossible and development of a cadaster system unachievable. As a result, many urban residents cannot access urban social services as envisaged. Alleviating these problems requires **a system that delivers sufficient planned and serviced land whenever it is required**. The system should be **guided by principles that ensure sustainable land use management**.

Objective

To manage unallocated, substandard and land parcels that are oversized in order to sustainably manage urban land resources to deliver equitable growth.

Policy

1. A modern land management system will be created in cities to **ensure allocation of unoccupied land in accordance with the approved layout plans and standards set, identifying their boundaries and issuing appropriate allocation documents**;
2. All **landholdings which do not meet the minimum size permitted will be upgraded and provided documentation**. Modifications to the size of land should be flexible and the issue shared and relative land holding documentation as well as other appropriate mechanisms will be implemented;
3. To implement this, a **transparent system of operational guidelines and modification of project organization** will be established. This will conduct research and help to link the land size and amount of work required to the costs arising; and
4. A detailed **study of individuals and organizations that hold large amounts of land that are either not well utilized or are underdeveloped will be conducted in consultation with the land owners**. This initiative aims to create opportunities for land to be put to optimal use.

4.2.3 Land Information System and Legal Cadaster System

General Overview

Establishing a modern cadastral information system in cities will improve land management and service delivery, revenue generation and collection capacity in urban centers where the system exists. This will make a positive contribution to residents' economic activities. In order to achieve this, ULGs will need to establish, as a matter of urgency, a strategic modern land information system that meets international standards.

Objective

To strengthen good governance and development in cities by establishing a reliable modern land information system and legal cadaster that improves land management services offered to the public.

Policy

1. In order to develop a **cadaster system that provides quick and effective services and strengthens good governance and development**, systems will be developed and put in place to improve the efficiency of landholding records and to secure a **supportive operational system**;
2. **A standardized system will be developed to print, maintain and utilize a safeguarded land register.** Logistical support, skills, working procedures and records management support will support provision of a **fully competent organization that delivers a sound and reliable land register**;
3. For the creation of a modern land management system in urban centers, organized cadaster information is important. **Organization of legal cadaster will be prioritized in order to provide reliable and coherent information**;
4. The **organization of a legal cadaster in large urban centers will be automated** (depending on the costs and benefits), while small urban centers without computerized systems, will establish manual systems and provision is made for small **urban centers to transition to automation**; and
5. **A country with good and appropriate experience in designing, using and managing modern cadaster systems will be selected. A baseline will be established and benchmarked to international best practice.** An appropriate operational procedure will be put in place and an institutional framework created to monitor progress in achievement of the best practice identified.

4.2.4 Land Information Banks

General Overview

The absence of a modern land information bank in urban centers affects the capacity of ULGs and agencies responsible for utilities from providing services and makes public and individual land that is legally held vulnerable to illegal occupation. An urban center that has an organized land information bank system, with land inventory, will identify the land use, quantity, occupation and ownership in a more transparent manner.

Objective

To keep up-to-date documented land and property records. By maintaining modern land information bank urban centers can achieve their developmental function and accelerate urban development as well as provide a foundation for a key source of urban wealth accumulation.

Policy

1. Urban centers will facilitate a developmental political economy by **registering the quantity of land, land uses, land size and landholdings in their jurisdiction and establishing a modern land information bank** that helps eliminate limits to land provision and speeds up development; and
2. Urban centers **develop and build human resource capacity, capacity building systems and programs** that establish modern land banks, upgrade land

information services and provide accessible services that sustain their development and growth.

4.2.5 Property Valuation, Land & Property Taxes and Rents

General Overview

Property value tax, residence tax and land rents are some of the main sources of revenue that finance infrastructure expansion and provision of city services. However, currently urban centers do not collect effectively land and property taxes. As a result, urban centers have acute financial limits in provision of infrastructure and services. Investment in a modern system of property valuation for taxes and land rents will expand urban centers' revenue base and build their capacity to provide infrastructure and services.

Objective

To establish a system of property valuation, property taxes and land rents as part of a modern land management system in order to increase land and property revenue generation and provide infrastructure and social services.

Policy

1. **A modern system of property valuation, property taxes and land rents will be created** to support a modern land management system and speed up the development of urban centers;
2. **Property valuation procedures will be modernized and personnel involved equipped with the necessary skills and inputs** so as to **overcome current limitations in property transactions**; and
3. Research will be conducted at least every two years to enable implementation of **accurate and scientific methods of up-dating property valuation, property taxes and land rents** that support city development and growth dynamics.

4.2.6 Urban Property Address System

General Overview

Establishing a modern urban address system will enable urban centers to assign physical addresses to all properties. Modern urban address systems will identify the location of land and improvements on land, including plot numbers, street name, building type and use. Physical addresses will help city residents to navigate the city easily, access service points and increase levels of satisfaction. ULGs and public utilities will find it easier to administer collection of taxes, rents and charges which will increase revenue collection and contribute to urban growth and development. The system will help to identify tax evaders and collect tax arrears. Establishing a modern address system is needed to support landholding management and service provision.

Objective

To improve land and related administration services by establishing a modern address system.

Policy

1. **The urban address system will be standardized and equipped with necessary components** that contribute to improved service provision and growth and development of urban centers. The registration of land and land related property will be prioritized and implemented to support this cause; and
2. **Urban centers will be allowed a transition process depending on their national category to enable them to move gradually from manual to partly-digital, and finally, to a fully digital urban address system** that meets international standards. The initiative will be conducted in a way that complements other development activities so as to maximize benefits.

4.2.7 Property Survey and Cadastral Mapping

General Overview

Current global technological achievements offer an opportunity to organize and manage land in a sustainable way. Ethiopia is at an early stage in introducing these new technologies and systems for urban surveys and map preparation. Ground surveys and land information systems do not yet meet the standards set and are often poorly coordinated. It is increasingly difficult to determine the type and quality of, criteria for and accurate sources of information about urban land due to lack of good quality data identification and analysis. One of the main causes of this problem is the failure to identify land information on maps (at the right scale) and lack of or inaccurate cadaster surveys nationally, regionally and locally in urban centers. For these reasons, it is important to develop an effective land use system supported by well-managed land information so that Ethiopia's limited land resources are managed sustainably. It is crucial to strengthen Ethiopia's capacity to manage land by producing standard cadastral maps at the federal and regional levels.

Objective

To develop a modern land management by preparing standard cadastral maps using modern technology that help establish a coordinated land information system.

Policy

1. Based on international survey and geodetic controls, **urban land boundary and land use will be identified and described as a component of a system to manage land** in a more accountable and transparent manner. The system will aim to **secure the property rights and guarantee property ownership**;
2. Provide **modern technology for urban surveys and cadastral map preparation, training professionals in urban property surveys and cadastral map preparation** so that similar capacity is developed in urban centers as has been developed in rural areas;
3. The **public's capacity will be built with training to create awareness and enable their understanding of the use and proper management of cadasters and cadastral information**. This will enable the public to own the process and track changes and improvements in land use in their urban center;

4. A system will be put in place to **maintain and use appropriately cadastral, basic and land use maps**; and
5. **Geometric descriptions of land parcels will be determined and spatial data sets for each parcel will be entered and managed in computerized systems.** Cadastral surveys and maps and other land related information will be held digitally, maintained and arranged appropriately so as to enable the data to be kept up-to-date and eliminate misuse.

4.2.8 **Registering Urban Landholding Rights**

General Overview

Ethiopia's constitution states that: *"The right to ownership of rural and urban land, as well as of all natural resources, is exclusively vested in the State and in the peoples of Ethiopia. Land is a common property of the Nations, Nationalities and Peoples of Ethiopia and shall not be subject to sale or to other means of exchange"*. The constitution protects the rights of citizens to use land. The land rights granted to citizens by the constitution provide for property ownership and lay a solid foundation for Ethiopia's development. This has resulted in remarkable progress. However, Ethiopia needs to step up efforts to bring this progress to an even higher level by removing all hindrances to citizens' access to land and ability to make improvements on land.

Objective

To lay a foundation for Ethiopia's growth and development and a free market economy by registering land ownership in urban centers so as to protect citizens' right to use land and own property.

Policy

1. An **organized system will be established to register all urban land and land-related property in Ethiopia and protect citizens' right to use land.** A market system that will strengthen the free market economy will be created;
2. Arrangements will put in place **to protect the right to generate wealth by using land and making leased land productive.** This will help to manage urban land in accordance with existing laws and collect **legal cadaster information** that includes all urban land in a **land inventory**;
3. A **system protecting citizens' land ownership rights will be established** so as to help ULGs to gain and restore trust among citizens;
4. To establish the system referred to above, **an independent institution separate from the institution that grants land rights will be established at federal, regional, city levels and staffed by skilled and competent** professionals to register urban landholding rights. The institution, whose authority stems from the constitution, will fulfill its responsibilities in a timely, transparent and accountable manner. The land information system will be coordinated across federal and city levels;
5. **The legal cadaster information and urban land management system will use common scales and standardized systems nationally and support development**

and maintenance of urban land management plans. Land development will be planned in the context of time and space. An urban land and land related information system will be created and shared between different developmental agencies.

4.3 URBAN LAND DEVELOPMENT AND MANAGEMENT STRATEGIES

To implement the Urban Land Development and Management Policy, the GoE will start by reducing attitudinal problems and bridging the skills gap. During GTP II, Ethiopia's main focus will be to scale up changes and identify and solve problems. During implementation leaders and professionals will be enabled to help realize Ethiopia's efforts to implement land policy at all levels and collaborate with the public to achieve tangible changes. Executive organs at all administrative levels should immediately start to strengthen their and the public's capacity in urban centers to successfully implement the Urban Land Development and Management Policy and Strategy. To this end special attention should be paid to the following strategies:

4.3.1 Program Preparation and Organizational Development

Creating program preparation and competent organizational system organization

A national urban land development and management program will be prepared to improve sustainably the urban land development and management system and implement the policy and strategy appropriately. The program will involve the participation of all stakeholders to ensure the sustainability of the change it will bring about. In addition, it will be necessary to build strong and transparent organizational capacity. In this regard, the organization of land development and management should be coordinated from federal to the lowest administrative levels and also across horizontal actors. It should allow full and effective implementation of the guidelines, provide for follow up, create synergy and promote decisiveness and accountability.

Preparing legal frameworks that will help in policy implementation

To implement the policy:

- **Land development and management activities will be managed in a transparent and accountable manner;**
- **Proclamations, rules, regulations, implementation manuals will be prepared and implemented;** and
- **The gap in preparation and implementation of land development and management policies and strategies will be addressed.**

4.3.2 Developing an 'Army' Organization

Building a system to produce competent and decisive professionals and leaders

Professionals and personnel at all levels should improve their knowledge, skills and attitudes to enable them to execute their responsibilities so that they can manage effectively the increasingly dynamic environment and urban issues. To this end, **regular training to acquaint land sector and related professionals with new issues and**

techniques of resolving land problems will be organized. This will increase their knowledge, skills and bring about attitudinal change. **Training sessions, seminars, workshops, round table discussions, experience sharing opportunities** and similar programs should be part of policy implementation from the start.

When a task is performed using the development army, different **support and follow-up activities will be carried out to discourage laziness and promote vigilance at all levels.** This will require the **establishment of a sizeable work force to fight rent-seeking attitudes, sycophancy, carelessness and gossip** using problem solving mechanisms such as platforms for open discussion and brainstorming.

In this regard, a **program to administer training sessions and field based learning to increase the competency of employees of executive bodies** will be designed and implemented. **Technical and vocational education and training institutions in each region and city will be encouraged to participate.** The training program will be managed in a way that satisfies demand and alleviates the shortcomings and limitations of urban land development and management in urban centers. **GoE employees will receive practical training and awareness building** to improve their competency and decision-making. Finally, the limitations of employees will be identified in order to given them **remedial training testing and, when successful, award of a competency certificate.**

It is also important to pay attention to **building the capacity of numerous professionals and leaders working in urban land development and management. Appropriate curricula will be designed and implemented** in Ethiopia's higher education institutions to help produce competent leaders, medium-and high-level professionals. **A detailed plan will be designed, implemented and followed-up that provides support for attitudinal change.**

Building a platform for experience sharing

Experience sharing can help to bridge the current skill gap paralyzing activities in urban land development and management. **A plan will be designed and implemented to provide evaluation and other short term training courses. Best and worst experiences will be documented** to enable implementation agencies to improve their practices. This will pave the way for leaders and executive organs to change their attitudes and achieve continuous improvement in urban land development and management. Results will be used to progressively measure improvements. The main indicator of improvement will be reducing the gap between developmental attitudes and practices and rent-seeking attitudes and practices. **Ethiopia's leadership and executive organs will be identified and ranked to achieve an improved and strong sycophancy-free system.**

Creating and implementing a system and organization that strengthens public participation and sense of ownership

Decision makers and stakeholders should have a clear understanding of the urban land development and management policy. **Once the different components of the policy are clear to all concerned parties support for successful implementation of the policy and strategy will be certain.**

Efforts to increase participation and enable stakeholders to own urban land development and management processes should be stressed. The Urban Land Development and Management Policy and Strategy should be implemented by executive

organs and other stakeholders in a coordinated manner to avoid resource waste, duplication of scarce resources, and increase readiness and motivation during implementation. A plan to encourage active public participation and increase chances of success is needed. **The designed plan should fit into government structure that encourages organization of public participation.**

4.3.3 Results Oriented Work Ethic

A results-oriented work ethic is needed to eliminate implementation challenges.

Developing a strong working culture provides the means to solve many implementation problems. When programs and plans are implemented evaluation is necessary so that the question of whether intended results have been achieved can be answered.

One of the main goals of urban land development and management is to **deliver sufficient suitable land for all urban functions** such as: industry, housing, social services, investment projects, infrastructure expansion, etc. Achievement of this goal will accelerate urban development and stabilize land and property prices. A second goal is that **urban centers proved a land allocation and marketing system that is transparent and accountable**. Thirdly, urban centers need to **ensure that a modern land and landholding administration and registration system for land use and ownership is in place**.

Measurable goals are needed to implement programs and plans in urban land development and management. **Time limits for implementation of activities and deliverables have to be specified**. The **duties, responsibilities and deliverables of different actors should be clearly stated** and terms of reference for different arrangements and agreements documented. Public demands, deliverables and benefits accruing to the general public should be identified and discussed in public in timely and appropriate manner **to build consensus on land and related development issues**. Any **breach of agreement reached should be sanctioned** by relevant bodies.

In order to ensure smooth coordination of programs and plans, **a higher level GoE organization will develop programs as a framework for implementation by lower GoE organizations**. The lower GoE organizations will study the program and determine whether it is suited to the context of their urban center. The lower GoE organizations will forward their assessment to the higher level GoE organization in the form of a specific plan, to which the higher level GoE organization will give its feedback in writing.

- **Implementation reports** will include an examination of the documents based on key performance indicators.
- **A field inspection** will be conducted and a report will be compiled.
- **An evaluation report** that includes the field exploration and implementation report will be compiled and deliberated.
- **Exceptional experiences will be identified** and documented for experience sharing.
- Lastly, **evaluation of plan implementation** will involve a system developed to **measure or assess each executives' and officials' work results, attitudes and explanation** for the results.

4.3.4 Orderly Implementation to Achieve Change

In order to realize the goals of the Urban Land Development and Management Policy and Strategy, Ethiopia needs to remain focused and work tirelessly at all levels. However, given the current human and financial resource levels, accomplishing the tasks cannot be guaranteed. Adopting **systems for forward planning, creating positive attitudes and organizing tasks to be done is important**. What is needed is to prepare those involved in implementation to look for and take advantage of available opportunities. This will help determine the success of implementation activities. **The Urban Land Development and Management Policy and Strategy must be implemented by issuing instructions to:**

1. **Implement tasks by building a ‘change army’;**
2. **Register and disseminate urban land and property data for property tax and cadaster information;**
3. **Establish a transparent and accountable land allocation and property rights transfer system;**
4. **Support provision of infrastructure** for industries, MSEs, housing, social and economic services, other commercial institutions and recreational uses; and
5. **Build a strong and modern land and landholding (yizota⁴) management system.**

To reduce human or financial resource limits on the implementation of the land development and management programs and plans, instructions for problem solving and wealth allocation should be made as listed above.

4.3.5 Private Sector Participation

Considering the amount of work and the nature of tasks to be undertaken, by all government organs and agencies, to develop a sustainable land development and management system, **the support of the private sector will be needed. Arrangements will be made to enable the private sector to participate meaningfully in land development and management.** Research will be carried out to understand and determine how the private sector can best contribute in plan preparation, land administration and cadaster development and management, in a transparent and accountable manner. Research will be carried out in urban centers to **identify potential resource persons** with the experience and skills to participate effectively land development and management by **providing consultancy, follow up and support services.**

4.3.6 Research, Study and Competency Centers

A lead organization will be created to bring about fundamental changes in land development and management. **The organization will conduct research and studies to improve leadership and executive capacity.** The organization will:

- **Identify best practices and contextualize lessons learned** that suit Ethiopia’s situations; and

⁴ Land occupation or possession.

- **Train leaders, personnel responsible and provide support** needed to implement the policy.

An urban land development and management competency center or institute will be established to test the skills of staff and leaders responsible for urban land development and management. The center will provide short training courses, test the capacity and strengthen the implementing capacity of workers in the sector.

4.3.7 Workspace, Materials and Finance for Land Management

A program will be designed **to provide workspace, networks, materials and logistics to strengthen urban land development and management. Financing will be secured** to build the capacity of urban land development and management implementation agencies. **A revolving fund and other appropriate financing alternatives will be identified, assessed and put into place.**

4.3.8 Information Technology Infrastructure Development

The strong focus given to expansion of modern information systems aims to accelerate and improve the quality of urban land development and management services. Modern information systems will enhance information sharing and coordination between urban centers, regions and the federal government. This will enable the government to achieve the capacity needed to fully support the development and growth of urban centers.

5 IMPLEMENTING LAND DEVELOPMENT & MANAGEMENT POLICIES

This Urban Land Development and Management Policy and Strategy will be implemented at federal, regional and urban local government (city wide, sub-city, municipal, woreda, and lower) levels. All those responsible for implementation are expected to act either individually or in collaboration to implement the policy. The following are the responsibilities of those responsible for implementation:

5.1 FEDERAL GOVERNMENT

The Ministry of Urban Development and Housing will:

1. **Monitor and evaluate the implementation of the Urban Land Development and Management Policy and Strategy.** The Ministry of Urban Development and Housing will make amendments to the policy if need arises;
2. **Enact laws and initiate programs, strategies and action plans** to support full implementation of the policy;
3. **Provide support for capacity building** for urban land development and management as the lead authority responsible for national policy implementation; and
4. **Undertake other activities deemed important to successfully implement the policy.**

5.2 REGIONAL GOVERNMENTS

Regional governments will:

1. **Ensure implementation of the Urban Land Development and Management Policy and Strategy in their respective regions;**
2. **Enact laws and initiate programs and strategies and action plans** to implement the policy;
3. **Provide support for capacity building** to urban land development and management in their respective regions to enable them successfully implement the policy; and
4. **Undertake other activities deemed important to support full implementation of the policy at regional level.**

5.3 ADDIS ABABA AND DIRE DAWA CITY GOVERNMENTS

Addis Ababa and Dire Dawa city governments will:

1. **Ensure effective implementation of the Urban Land Development and Management Policy and Strategy** in their respective urban centers;
2. **Ensure laws adopted by federal, regional and city government authorities,**

- programs and strategies** fit contexts of their respective urban centers; and
3. **Support land development and management units** in their respective urban centers.

5.4 REGIONAL CITY ADMINISTRATIONS

Regional city administrations should;

1. **Ensure effective implementation of the Urban Land Development and Management Policy and Strategy** in their respective urban centers;
2. **Ensure laws adopted by federal, regional and city government authorities, programs and strategies** formulated at regional level fit into the context of their urban centers 'current situations and implement them; and
3. **Undertake activities to enable urban land development and management** in their respective urban centers to successfully implement the policy.

5.5 OTHER STAKEHOLDERS

Other stakeholders should;

1. **Provide support in different fields as needed to make implementation of the Urban Land Development and Management Policy and Strategy successful;**
2. **Undertake activities stakeholders are expected to carryout** to support the work of the urban land development and management implementation agencies;
3. **Work with government to identify and bridge gaps** during policy implementation,
4. **Assist government to prevent and report rent seeking behavior.**

6 CONCLUSION

Attaining the goals of the second Growth and Transformation Plan (2015/16-2019/20) and eradicating poverty in Ethiopia requires sustained change in the way urban land is developed and managed. The Urban Land Development and Management Policy is designed with these ends in mind. The constitution guarantees ownership of land by the people and the government of Ethiopia. **The Urban Land Development and Management Policy provides for effective urban property ownership rights and land utilization based on the principles laid down in the constitution.** The policy:

1. **Supports urban plan preparation and implementation and describes the responsibilities of various actors,**
2. **Incorporates principles critical to maintaining equitable and just land development and management;**
3. **Provides for capacity building as a key requirement of policy implementation.** A capacity building framework and mechanisms are embedded in the policy. The need to build capacity focuses on improving implementation tools, urban land development and management organization and operations, human resource and technological activities. **It is critical that all concerned parties understand central issues of the policy and engage in appropriate actions** to improve the existing urban land development and management system.
4. **Puts in place supporting legal frameworks, manuals and standards** as a matter of urgency. Proclamations and regulations are needed at different levels (federal government, regions and urban centers). These should be developed, endorsed and translated into action to support urban land development and management practices.
5. **Requires that stakeholders embark on collaborative efforts to implement the policy** in order to correct land related distortions. Collaborative efforts in land development and management will accelerate investment and bring about the sustained urban growth envisaged for Ethiopia.