

**ADDIS ABABA UNIVERSITY**  
**RESEARCH AND GRAGUATE PROGRAMS OFFICE**  
Regional and Local Development Studies (RLDS)

**AN ASSESSEMENT OF MUNICIPAL LAND SUPPLY  
SYSTEM IN THE CITY OF BISHOFTU**

**IN PARTIAL FULFILMENT FOR MASTERS OF ART DEGREE  
IN THE FIELD OF REGIONAL AND LOCAL DEVELOPMENT STUDIES**



**BY: SEBSEBIE TADESSE**  
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A Thesis Presented to Research and Graduate Programs Office, Addis Ababa  
University, in Partial Fulfillment for the Degree of Master of Arts in the Field of  
**Regional and Local Development Studies**

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## Table of Contents

Acknowledgement .....	i
Table of Contents .....	iii
List of Tables .....	v
List of Figures.....	vi
List of Acronyms.....	vi
List of Annexes.....	vii
Abstract.....	viii
CHAPTER I.....	1
I. INTRODUCTION .....	1
1.1 General Background .....	1
1.2 Statement of the Problem.....	3
1.3 Objectives of the study.....	5
1.3.1 Research Questions.....	5
1.4 Significance of the Study.....	5
1.5 Background of the Study Area.....	6
1.6 Approach of the study.....	8
1.7. Scope of the Study .....	12
1.8 Limitations of the Study.....	12
CHAPTER II.....	14
2. Related Literature.....	14
2.1 Causes for Unbalanced Supply and Demand.....	14
2.1.1 Action by Public Agencies.....	15
2.1.2 Public-Private Cooperation.....	16
2.1.3 Limiting Land Speculation .....	16
2.1.4 Administrative Reforms.....	17
2.1.5 Land for Housing the Poor.....	18
2.2. The Nature of Urban Land Market .....	21
2.3. Enhancing Urban Land Supply Capability .....	24
2.4. Contribution of Good Land Administration System to Improved Urban Land Supply ....	25
2.5. Historical Background of Urban Land Tenure and Supply in Ethiopia.....	27
2.5.1 Pre Derg Evolution of Urban Land Tenure in Ethiopia.....	27
2.5.2 Urban Land Reform of the Derg Regime .....	30
2.5.3 The Current Urban and Land Policy in Ethiopia .....	32
2.6. An Overview of Some of the Legislations and Strategies Developed for the Urban Centers of Oromia Region .....	33
2.6.1. Urban Land Regulations .....	33
2.6.2. Urban Development Strategy.....	35
2.7. Urban Centers and their Institutional profile in Oromia Region .....	39
2.7.1 City Administration .....	39
2.7.2 Municipal Administration.....	40
2.7.3 The Location of Wereda and Zones In the Administrative Setup of ONRS .....	41
2.8. Housing Stock and Needs in the City of Bishoftu .....	42
2.9. The Prepared Urban Plan and Its Spatial Use.....	46
2.10. Elements of Current Residential Land Supply and Demand in the City .....	49
CHAPTER III .....	52
3. Situational Analysis of the Land Supply System.....	52

52  
14  
2

3.1 Poor Institutional Capacity of the Municipality .....	53
3.1.1 Inadequate Municipal Financial Capacity .....	53
3.1.2. Municipal human resource.....	58
3.1.3. Municipal Equipment.....	61
3.2. The Effect of Urban Sprawl to the Peasants and their Reaction.....	62
3.2.1 Cost Incurred for Compensation and Revenue Collected .....	65
3.3. Land Delivery in the Rent and Lease System .....	68
3.3.1. Land Delivery in the Rent System .....	68
3.3.2. Residential Land Supply in the Lease Regime .....	84
3.3.2.Inadequate Enforcement of Building Permit Regulation.....	90
3.4 Preparation of Defective Urban Plan .....	92
3.4.1 Outdated Base Map.....	92
3.4.2. Under Estimated Population Forecast and Backlog.....	94
3.4.3.Lack of Participation of Local Experts in the Plan Preparation.....	97
3.5. The Absence of Clearly Defined Vertical and Horizontal Linkage Among Government Institutions.....	98
3.5.1. The Effect to the Municipality of Being Ruled by the City Administration. ....	98
3.5.2. Coordination Between Utility Agencies and the Municipality.....	99
3.6. Lack of Clearly Defined Regulation for Subdivision .....	101
3.7 Absence of LIS and Poor Urban Land Management System .....	103
3.8. Limited Actors in the Urban Land Supply.....	105
3.8.1. Lack of Competitive Actors in the Supply of Land .....	105
3.8.2. Absence of Real Estate Developers Adversely Inflating Demand for Residential land.....	106
CHAPTER IV .....	109
4. The Effect and Prospect to Alleviate Short Residential Land Supply .....	109
4.1.The effect of short land supply .....	109
4.1.1 Proliferation of Illegal Settlements .....	109
4.1.2 Soaring Land Market and Shortage of Shelter.....	110
4.2 Prospect of the City to Overcome the Challenges .....	113
CHAPTER V .....	116
5. Conclusion and Recommendations .....	116
5.1. Conclusion .....	116
5.2.Recommendations .....	119
References .....	121
Annex 1 .....	125
Annex 2 .....	136
Annex 3 .....	139
Annex 4 .....	141
Annex 5 .....	142

## List of Tables

Table 1: Planned and Achievement of the Survey.....	9
Table 2: Estimate of Housing Needs for 2005-2015.....	43
Table 3 Illustrates Existing and Proposed Land use of Bishoftu.....	48
Table 4 Illustrates Planned and Achievement of Municipal Finance.....	54
Table 5 Illustrates Per Capita Revenue.....	57
Table 6: Available Equipments of the Municipality.....	61
Table 7 Depicts Evicted Households and money paid for their property.....	63
Table 8 Elucidates Fees Per Plot Over the Years.....	66
Table 9: Land Supply in the Lease Regime.....	85
Table 10: Present Value of the Money to be Collected by the Municipality ....	89
Table 11 Illustrates Plot Dimensions and Floor Area of the Houses.....	91
Table 12 Illustrates Land Budget and Consumption.....	95
Table 13: Spatial distribution of Illegal Houses.....	109
Table 14 Depicts Imputed Land Price in the City.....	110

## List of Figures

Figure 1: Household Formation and Land Supply.....	70
Figure 2: Comparison of Supply and Demand for Land.....	72
Figure 3 Illustrates Allotted Plots and their Respective Size.....	73
Figure 4: Occupancy of the Main House .....	76
Figure 5: Trends of Transaction on the Expansion Areas.....	77
Figure 6: Ways of Acquisition of Land.....	78
Figure 7 Elucidates Registration of the Applicants by year.....	80
Figure 8: Transparency of the Municipality.....	82
Figure 9: Solutions Resorted to by the Applicants.....	112
Figure 10 Illustrates Investment Trend in the City in Millions.....	114

## List of Acronyms

AARH	Agency for the Administration of Rental Houses
CBDS	Capacity Building for Decentralized Service Delivery
CSA	Central Statistics Authority
EC	Ethiopian Calendar
FUPI	Federal Urban Planning Institute
GC	Gregorian Calendar
GTZ-IS	German Agency for Technical Cooperation- International Service
HA	Hectares
HCB	Hollow Concrete Block
HH	Household

IDA	International Development Association
LIS	Land Information System
MDG	Millennium Development Goal
MoFA	Ministry of Federal Affaires
MWUD	Ministry of Works and Urban Development
NF	Not Functional
NUPI	National Urban Planning Institute
ONRS	Oromia National Regional State
PADCO	Planning and Development Collaborative International
PAŞDEP	Plan for Accelerated and Sustained Development to End Poverty
PSCAP	Public Sector Capacity Building Program
SNNPR	Southern Nations Nationalities Peoples Region
TGE	Transitional Government of Ethiopia
UN	United Nations
UNCHS	United Nations Center for Human Settlement
USD	United States Dollar

### **List of Annexes**

- Annex 1. Questionnaire to be filled in by the municipality
- Annex 2. Questionnaire to be filled in by the allocated households
- Annex 3. Questionnaire to be filled in by the un allocated households
- Annex 4. List and Position of contacted persons
- Annex 5. Issues raised during the interview held with the municipal officials and staffs.

## **Abstract**

Population growth is the determinant force driving the demand for land for residential development. Thus to cope up with the ever increasing demand for land for residential purpose, especially in the cities of third world countries the municipalities should have to be well-equipped to enhance residential land delivery.

This study attempts to analyze primarily the causes of inadequate residential land supply, and its effect in the city of Bishoftu by taking into account a five-year data. To conduct the research survey method has been employed, and additionally it was triangulated by interviews, physical observation and documentary research. The analysis is made based on the available information and the collected data, which elucidates a gap between the demand and supply. In this research effort is made to analyze the situation of land delivery system both in the rent and lease regimes.

The residential land supply is constrained among others, by multiplicity of accountability of the municipality, poor institutional capacity, and lack of strategy to address the low-income group, and competitive actors in the supply of new residential land. However, not significant there is a sign of speculation and hoarding. Thus, because the municipality is not adequately supplying residential land as a subsequent effect illegal settlement on the out skirts of the city have been expanding and market price for residential land is found to be higher as compared to other cities.

The eviction of peasants living on the urban fringe is also one of the issues assessed and it is found that the city is growing at the expense of the peasants, since the compensation does not balance what they are forced to loose. The rent rate in general is very low in the city, which in turn attract people for speculation and hoarding. This is more likely in the case of lease regime.

Thus to enable the municipality to supply residential land consistently in the future multifaceted interventions will be a sine qua none. Among these, the current multiple accountability of the municipality should be waived, low income targeting strategies should be designed, deliberate policy reform or regulations will be necessary and compensation of peasants should be participatory, in its real sense, are worth mentioning.

## CHAPTER I

### I. INTRODUCTION

#### 1.1 General Background

The designation "urban" when applied to a parcel of land is meant to differentiate it from rural or agricultural land. Such differentiation is not simply related to its location but also other attributes that characterize the parcel of land. For agricultural land, the most important element is its soil fertility, while the availability of infrastructure and services are the attributes of urban land. Indeed, the critical factor for the conversion of land at urban fringe from agricultural to urban use is dictated by the extension to it of basic urban infrastructure, notably roads, water supply, sewerage, storm drainage channels, electricity, telecommunication and so on. Urban land can thus be defined as serviced land, a product created by a mixed set of public and private agencies (Akin, 1992).

As regards to land conversion David E. and Giles C., 1991 states that as an effect of urbanization cities such as Mexico City, Bangkok and Sao Paulo convert 3000-5000 hectares of agricultural land to urban use, per annum. In Egypt, expanding cities have claimed more than 10% of the most productive farmland in the past three decades (Population Report, 1992).

In the urban context, land is the starting point for all settlement development and it provides the physical location for shelter, commerce, industry, roads, transport systems, social infrastructure, and other public services. As a cumulative effect of, among others, population growth, income distribution, the volume of government activities, the rate of economic growth and inflationary situation in the national economy demand for urban land will be posed. The demand for land is determined by the services produced on the land, in other

words by the use of the land. For instance, the demand for residential land derives from the demand for housing and it is affected by the rate of household formation and the level of household income.

According to Catherine F. and Patrick Mc., 1992, on the supply side, the spatial pattern or availability of infrastructure, the topography, affects the quantity and price of land. Besides, policy instruments such as property rights, land use regulations, land titling and registration; and direct public intervention in the acquisition of land hinder land supply.

Thus, unless the land market, which is governed by the forces of supply and demand, is well regulated by the concerned public institutions, the demand driven by each of these factors can result in various adverse effects on the development of urban centers. If land could not be available to the urban population in the appropriate places, in sufficient quantities and with sufficient security of tenure high land price would make difficult easy entry of low-income group to access land. Informal sub market would be prevalent, inefficient land utilization and congested living environment can be created as a subsequent effect of short supply of land (UNCHS, 1986 and Catherine F. and Patrick Mc., 1992).

MoFA, 2005 states that formal urban land market in Ethiopia currently is at infant stage and is dominated by base pricing by edict(i.e. in the lease regime). Particularly in the Derg regime it was virtually administrative, as the municipalities were not selling land. Thus, land market is not well developed, which in turn affect the balance between demand and supply.

The same source states that a study conducted by PADCO in 1995, in the selected ten cities and towns justified that land and housing market were under considerable stress. And hence, a substantial imbalance between supply and demand was noted. According to PADCO, 1996, as cited in MoFA, 2005, it

was only in Awassa, of all the surveyed urban centers, that supply of land for housing did manage to stay a head of demand.

## **1.2 Statement of the Problem**

Housing is one the basic human needs, however, it is fair to say that housing units are not adequately available in terms of the desired quality and quantity in the city of Bishoftu/Debrezeit. From the literature it is learned that housing sector is negatively affected by a multiple of problems such as scarcity of housing finance, short supply of residential land and affordability of the residents (World Bank, 1993). As the topics of the research elucidates this study attempts to analyze only the situation in the residential land supply of the recent past five years (i.e. from year 2000/1-2004/5 or Hamle 1, 1992-Sene 30, 1997 EC)

CSA, 2005, as cited in MWUD, 2006b estimates the population of Bishoftu to be 125000. It is, therefore, possible to estimate that there would be a remarkable demand for residential land, among other things. In this regard various sources indicated that the municipality is not adequately responding to the demand, as there are a number of people waiting for the allocation of residential land. MoFA, 2005, for instance, estimated that over 10, 000 people are waiting for the allocation of residential plots of land.

According to the preliminary study made Poor institutional capacity might have affected residential land supply. The urban land policy, regulations and directives set by the regional government and the city with out doubt has partly missed their objective. For instance, the urban land regulation promulgated at regional level has been assumed as the best vehicle for addressing the demand for urban land of various economic classes of the society. How ever, various sources indicate that the prerequisites sets at the city level for the applicants of urban land is not to the economic reach of the low income group.

The other issue noted as a serious problem in the operation of urban land provision and supply is about compensating peasants that live on expansion areas. The general physical growth trend of the city is outward looking and horizontal, while leaving behind under utilized urban land, and thus is affecting livelihood of peasants living on the urban fringe . This, in turn, has been incurring cost to the municipality and impairing land delivery.

From the review of the plan document it is learned that the plan is prepared on an updated base map, which will have adverse effect on the city's performance of urban land management and delivery. It is also worth noting that the role of speculators inflate the demand for urban land and intensify the scarcity to address the needy residents (MoFA, 2005). In addition to this, the lengthy bureaucracy in land allocation, which might stem from the multiple accountability of the municipality, will also be assessed.

The cumulative effect of these and other factors might have negatively been affecting residential land supply in the city of Bishoftu. As a result the gap between demand and supply might have increased, informal development has been taking place on the outskirts of the city, and the municipality could not differentiate speculators from those who demand land genuinely for the construction of residential house, etc.

In fact, the municipality argues that there is an improvement in the delivery of residential land, since the implementation of the municipal reformation at about 2002. Thus it is worth taking a closer look at the gap between demand and supply, and to some extent on the effects of short residential land supply to the residents. The outcome of the study, therefore, would help, among others, to fill the gap that do appear concerning the scanty literature that persist in the areas of short land supply for secondary cities.

### **1.3 Objectives of the study**

The general objective of this research is to identify and critically analyze primarily the reasons that affect residential land supply; and its effect on the residents. Thus come up with recommendations that will help the municipality to adequately respond to the backlog and a demand that will be posed, in the future, for residential purpose. The specific objectives are:-

- To identify the gap between demand and supply for residential land
- To identify the factors that affect residential land supply.
- To examine the effects of short residential land supply to the people.
- To recommend some ways of tackling problems surrounding residential land supply.

#### ***1.3.1 Research Questions***

- What is the gap between demand and supply within the years under consideration?
- What are the causes for short residential land supply?
- How did the residents react to such inadequate residential land supply?
- What would be the possible solutions to mitigate the problems of residential land supply?

### **1.4 Significance of the Study**

Land is one of the basic resources necessary for the development of urban centers, and thus municipalities should have to be sure of the extent of their responsiveness in supplying residential land adequately to the demand; and regulating the land market for the well being of the urban economy. In the city of Bishoftu the municipality is virtually the sole land supplier, and hence could

not resolve the issue of scarce land supply, as a result of which adverse effects might have been created in the city.

It is also worth mentioning that most of the works done in the past are in relation to the adverse effects of land policy on the investment of the private sector affecting growth and development of the capital city, Addis Ababa. As far as the information the researcher acquainted with is concerned there is no much research conducted about the problems concerned with residential land supply, particularly in the secondary cities like Bishoftu.

This study, therefore, makes effort to resolve the basic elements that are affecting smooth residential land supply in the city. Based on the findings of the study pragmatic recommendations will be given with in the context of the existing socio-economic condition of the city. These have drawn the attention of the researcher to make study on the nature of the research problem.

### **1.5 Background of the Study Area**

This research is to be conducted on Bishoftu city which is one of the secondary cities in Oromia region; and also one of the big cities in east Shewa zone. The city is situated at about 45km from the capital city, Addis Ababa. Bishoftu got a status of city administration a few years ago; and is currently administered by a mayor and a city manager. According to this recent municipal reform the city has got two functions, namely municipal and state functions.

According to NUPI, 1999 the population of Debrezeit was known since 1965 (i.e. the first sample survey conducted by CSA). By then the city had a population of 21220 and 27747 by the year 1970 with a growth rate of 5.36 percent, per annum between the two periods. The survey conducted in 1978 by CSA put the population of the city at 44,772. According to the population and housing census carried out by the same organization in 1984 and 1994, the

population of the town stood at 55655 and 73 372, respectively. Growth rate of 2.8 percent was marked between the two-census periods, and generally a declining rate has been noted.

As it has been stated the population of the city in 1994, according to CSA, was 73372, and there were a total number of 15785 households. During the same census period there were 15 112 housing units, which gives rise to household to housing ratio of 1.04. As it has been stated, CSA has estimated population of the city, for year 2005, at 125000. According to NUPI, 1999 for the planning period 1998-2008, 7168 housing units were additionally required.

As far as some of the city's assets and potentials are concerned Bishoftu is endowed with man made and natural resources that contribute much to its development. There are about six lakes in and around the city such as Hora and Babogaya that have been serving as a resort centers. The air force base (although it might as well have possible adverse effect on its development), the railway, academic and research institutions are among the important assets for Bishoftu.

As regards to the municipal finance of the city, Bishoftu had been generating about 2.8 and 2.4 million in the year 1989 and 1990 EC, respectively (NUPI, 1999). As it has been noted there are 15 kebeles in the city. The number, in fact, is reduced to 9 along with the reformation of 2002. But still the 15 kebeles are widely used by the residents.

Thus, this city is selected for the study owing to the fact that it is one of the dynamic cities currently showing relatively rapid rate of growth, as it is located on the rapidly growing Addis Ababa-Adama corridor. Besides, its size allows making such a study with the available scarce financial and human resources.

## 1.6 Approach of the study

To conduct this research, open and close-ended questionnaires have been designed and forwarded to the Municipality, the allotted households and the applicants who are not yet allotted. This was complemented by documentary research, physical observation and interviews held with the concerned officials of the Regional Bureau and the municipality, and the aforementioned sampling units. It is important to note at this juncture that the survey included the plots of the allotted households. The information obtained, as regards to the status of the plots, would help to substantiate the line of arguments pursued in the study...This is referring to, for instance, justifying the effect of speculation on the land delivery system.

added

The sampling units are the households that secured land between the year 2000/1-2004/5 (i.e. Hamle1, 1992-Sene 30, 1997 E.C). However, on some of the issues the data of the allotment of year 2005/6 has also been used. The sampling units have been stratified in to the allotted with the rent and lease systems and the households waiting for the allocation. The sampling size of the formerly mentioned two sampling units have been determined after identifying the number of households allotted by the two systems with in the specified period of time. As the following table depicts, because the number of plots allotted in each of the year varies from one year to the other effort was made to proportionally allocate the sample size over the respective years. It is important to note that the total number of plots allocated in the two of the years (i.e. the years before the city reformation/restructuring of 2002) was not available; and hence sample size is determined from the obtained site plan. Then 13 percent of the population was uniformly surveyed for each of the years under consideration.

revise

**Table 1: Planned and Achievement of the Survey**

Surveyed sites(Rent system)	Year of Allotment	Survey Population/ Allotted plots	Sample size				Remark	
			% from the Total	Planned	% from respective Population	Achieved		Difference
Two sites	2000/1	99*	~6	13	13	13	-	All are success fully completed
Two sites	2001/2	86*	~5	11	13	8	3	Three plots are found to be for different years
Three sites	2002/3	213	~12.5	28	13	25	3	Three plots are found to be for different years
Two sites	2003/4	520	~30.5	67	13	62	5	Five plots did not exist on the ground
Two sites	2004/5	784	~46	102	13	99	3	-Two plots were of cooperatives, not shared among them -one plot was of different year
<b>Sub Total</b>		<b>1702</b>	<b>100%</b>	<b>221</b>	-	<b>207</b>	<b>14</b>	
Lease Regime	2000/1-2004/5	198	~8	15	-	15	-	All are successfully completed
<b>Grand Total</b>		<b>1900</b>	-	<b>237</b>	-	<b>222</b>		-
Allotment of Rent system	2005/6	1677						
Allotment of Lease Regime	2005/6	12						
Unallocated Household	-	48						

Source: The municipality of Bishoftu and coverage of the Survey

\* For which the available data are not complete

Needless to mention that in some of the years the samples were not fully covered for which the various problems encountered are stated on the table. These are, among others, mismatch between the parcellation map and the feature on the ground; and some of the plots are found to be of different years than what was supposed to be. To this effect, there is a difference between what was planned and achieved, in some of the years(see table 1). In addition to this, from the 207 plots covered by the survey, in the rent system, 29 plots were totally vacant; and hence because it was difficult to trace the households of these plots socio-economic data were, therefore, collected for only 178 households.

In the lease regime because the number of plots allotted within the specified period of time were 198, only 15 households/ plots were covered by the survey. The sample size is limited to 15 owing to the lease regime has no significance in the land delivery system, on the one hand, and the parcellation is made only on one site, on the other. Thus it does not affect representation of the survey population.

ok  
(added)

As it has been stated, to have better picture of the trend and look into some of the issues, the allotment of year 2005/6 has been used as deemed necessary, in addition to the year under consideration, both in the rent and lease regimes. The sampling frame used was the parcellation map produced by the municipality and the available site plan, for some of the years.

Based on the sampling frame survey samples were selected with simple random sampling method. It is believed that this method would not affect representation of the samples, as the parcellation maps represent all the sites and the plots allocated with in the stipulated period of time. The allocations of residential plots were carried out in kebele 01, 02, 05, 12 and 15; and all the kebeles lie on the out skirt of the city. Accordingly, kebele

ok

01, 02 and 05 are located to the west of the city, on the outlet to Addis Ababa, while the remaining two are situated to the north east of the city. Then survey has been conducted on the selected sampling units. The type of the survey design employed is cross sectional survey. For the analytical purpose descriptive analysis is employed in the form of percentage, ratio, average and range.

Concerning the un allotted 48 applicants were covered; and the survey was conducted with simple random sampling method at their place of work. As it has been discussed elsewhere in this study report because the municipality has no waiting list it was not possible to quantify the number of households waiting for the land allocation. As a result it was also difficult to set the percentage of the sample size, among others.

In any case the sample size of the aforementioned households has been determined with the confidence that it would enable to capture the views of the unallocated households towards the land delivery system. On the other hand limiting the sample size to this amount would also help in making the study manageable. The study is, therefore, supplemented by the findings obtained from this group of people.

It is worth noting that prior to the undertaking of the survey two enumerators were recruited and trained. The questionnaires have been filled in by the enumerators under the supervision of the researcher. In order to minimize potential error and the effect of unforeseen problems pre-testing was conducted.

### **1.7. Scope of the Study**

This study attempts to identify the problems that are negatively affecting residential land supply in the city of Bishoftu. Even though, land is one of the basic resources for urban development and housing constructions this research will focus only on the supply of residential land.

It is interesting to note at this juncture that the supply of land for residential purpose might be impaired by various reasons, which might partly hold true in the case of delivery of land for different uses such as manufacturing, services and commercial activities. But, as it is stated, with this study effort will only be made to explore all the factors that are affecting residential land supply in the city.

Land supply from old and or existing occupations would not be covered by this study owing to there is no data readily available from the municipality that indicates the volume of transactions for any of the years. Besides, residential land supply from the informal source is not the focus of this study, and hence it only focus on the municipal residential land supply

### **1.8 Limitations of the Study**

This study is limited to identifying the problems that appeared in between the years under consideration (2000/1-2004/5). It is worth mentioning that the causes might vary from one decade to the other. This study, how ever, will only focus on the problems of the aforementioned years.

More over, it focuses on the residential land supply related problems of Bishoftu city for which the findings might not be conclusive for the rest of the cities in the region. But hopefully there are issues that would commonly

be exhibited in most of the cities, thus may probably be resolved in part by the recommendations of this study.

On the other hand, because the municipality has no waiting list it was difficult to quantify the backlog (i.e. quantification of demand side was impossible). However in the study effort was made to capture length of the time the households are waiting for the land allocation (from the date of formal application to date), as it partly explains the extent of the problem.

Despite the effort made land use map of the city could not be obtained. It is due to the fact that the plan was manually prepared with a scale of 1: 5000 and 2000, and hence is found difficult to reduce to the desired scale.

## CHAPTER II

### 2. Related Literature

#### 2.1 Causes for Unbalanced Supply and Demand

As it is partly discussed in the introductory part it is the cities of developing countries that suffer the most from the unbalanced forces of demand and supply in the areas of land delivery system. UNCHS, 1986 states that the root causes that created unbalanced forces can be stated as follows.

I. Land is often not perceived as commercial good:

In most of the cities of developing countries the value of land for a particular purpose, in a particular place and at a particular time is not well understood. Gwyneth, 1980 states, for instance, that land value depends on the position and the attributes of the sites in question, and partly on what they are and can be used for (p.48)

II. Information about land is unreliable:

The market in land is weak, and commercial land trading is not geared to a large volume of transactions. That is, because there is no information house and price structures tend to be haphazard and capricious

III. Land is often the only avenue for investment:

Funds are channeled into land purchases simply as a saving mechanism. Hoarding and speculation, therefore, distort the land supply process.

IV. Unclear law hamper land transactions:

This is referring to ownership, use rights, transfer formalities and mortgage procedures. The acquisition of land for development can, therefore, be an enormously cumbersome, time-consuming, and, not infrequently, uncertain process.

V. Lack of coordination between public authorities:

Lack of coordination delays conversion of raw land into usable land, if they do not have coordinated program to extend infrastructure to the peripheries. Land developers are, therefore, unable to plan ahead for an assured flow of buildable land at a predictable price.

In order to ensure a reliable land supply governments will have to tackle these problems and put in place the following enabling mechanism so that they can cope up with the situation of tight supply, high demand and the continuous growth of urban centers(UNCHS, 1986). Moreover, special attention should be given concerning how to develop strategies that enable local authorities to address the low-income group, which continue to constitute the majority of the people in the urban settlement. Since the ways this group has obtained land for shelter on the past, the informal arrangement, have already been exhausted.

### ***2.1.1 Action by Public Agencies***

UNCHS states that there is rarely an absolute shortage of land: there is generally a supply bottleneck in the delivery of affordable serviced land in appropriate locations. One of the principal factors causing this artificial shortage is the lack of institutional, managerial and financial capacity to increase the supply of serviced land.

There is no doubt that consistent provision and delivery of serviced land along with transport network in the expansion areas will regulate the land market, among other things. The contradicting issue here is that public authorities of developing countries do not have sufficient financial resources to extend basic service and transport systems in the envisaged expansion areas. UNCHS suggests that to withstand the problem they must employ a cost recovery approach, which, of course, need political decision and solution to mitigate the persisting administrative and technical problems.

This approach works well, particularly in cities with high demand and shortages of serviced land. In such urban areas the value added to the property will be far greater than the construction costs. Thus taxing betterment levies may recover the expenditures invested to the localities. Until some mechanisms for cost recovery and for property taxation are established it will be difficult to increase the land supply and reduce the current high cost of urban land(ibid).

### ***2.1.2 Public-Private Cooperation***

Despite the increasing commercialization of urban land markets, informal land delivery system still provides a very important proportion of the total land being supplied for shelter. Evidence suggests that private sub-dividers operate more speedily and efficiently than government bureaucracies. Thus it is advisable for public authorities to legitimize the basic activities of such sub-dividers and make them responsible to consider the issue of street alignment and plot layout. By doing so public authorities can direct the sub-dividers to operate in the interest of the general public and this would in turn be suitable for future expansion of basic services (ibid).

### ***2.1.3 Limiting Land Speculation***

Land speculation is one of the problems in the delivery of urban land, in the cities of developing countries. Because investors consider land as the safest form of investment, as a hedge against actual or anticipated inflation, they prefer to invest their capital on land. This would inflate the demand for land; and thus the public authorities face difficulties to release sufficient amount of land for settlement development. As an adverse effect of speculation of tracts of land the development pattern of the cities of developing countries has been distorted(ibid).

It has been argued, in fact, that land speculation is a normal and natural phenomenon, which may actually have some beneficial effect by keeping in reserve a supply of land, which can be put on the market at some future date. Considering the malfunctioning of land market, in developing countries, the others challenge the economic rationality of its beneficial effects.

Thus it is suggested that governments should have to make effort to curb the problem, if not eliminate, through creating investment opportunities with similar security and rate of return. In addition to these measures, taxation of land transaction tantamount to other investment having similar levels of risk, credit control that prohibit lending for the purchase of land, if it would not be built soon and freezing of prices should be enforced. The latter two may have their own character such as may not perfectly function but could control excessive speculation and can create market distortion in the long-run, respectively(UNCHS, 1986).

#### ***2.1.4 Administrative Reforms***

The distortion in urban land supply has been linked to the malfunctioning of public authorities, which is typified by absence of machinery to supervise the land market. To tackle this problem effort should be made to improve the following issues.

- i. Efficient utilization of existing land supply
- ii. Modernization of cadastral and land registration system
- iii. Inventories of public owned land(i.e. exact level of public land holding)
- iv. Legislation for compulsory acquisition(i.e. land acquisition by public authorities)

### *2.1.5 Land for Housing the Poor*

As it was discussed earlier addressing the low-income group with the urban land supply is one of the challenges that cities of developing countries are facing. Thus, this problem of delivering land for the supply of low-income shelter is a special issue in the promotion of a functioning land market.

From the literature it is learned that the mechanisms for the supply of urban land for low-income group are location-specific and change over time, as a reflection of the emergence of land as a commodity. However, these mechanisms can be divided into three categories namely, non commercial, commercial and administrative (UNCHS, 1986)

#### **i. Non-Commercial**

It refers to the situations where those who build on the land do not pay for ownership or use rights, or pay in the form of "voluntary gifts" determined by social custom. Thus, according to UNCHS, the sources of non-commercial land supply are:

- Customary land:- which is usually allocated by chief of a clan, tribe, etc to the members of a community, in many parts of Africa and islands of pacific ocean. Communal land holdings of Islamic countries can be included under customary land.
- Government land reserve:- large tract of land held by the government, as in the case of many colonized countries. These land holdings are target for spontaneous settlement, owing to the very big size of these land holdings and the difficulty of policing them makes these land easy target for unauthorized settlement (Geoffrey P., 2002)
- Abandoned properties:- in some of the cities of developing countries properties devastated by, for instance, armed conflict, and domestic political upheaval had become significant sources of non-commercial

land supply. In fact, now a days settlement development of this origin does not occur much, as it was in the past.

- Marginal land:- it is a squatter settlement mushroomed on land not suitable for housing such as flood prone areas, marshland and hill-slopes.

## ii. Commercial Land

This mechanism of land supply is the one, which is dictated by land market, where the monetary transfer price of land is determined by supply-demand equilibrium; and access to building plot is conditioned by the ability to pay. As part of this mechanism the land supply system takes three form viz. mini-plots, land rental and substandard subdivision(UNCHS, 1986).

- Mini plots:- Minimum sized plots carved out of the spare land surrounding existing houses. The owners sell their plots in such a way to use the money to improve their own house, among others.
- Land rental:- as opposed to mini plot, which is supplied by small land owners, this type of rental land supply is carried out by large land owners for the construction of shelter by the poor. Accordingly, the poor construct shelter on a rental basis. It is, in fact, a transitory phenomenon in the urban settlements of developing countries; and the owners do this waiting for price increase. For instance, the experience of Butterworth, Malaysia is the case in point(Paul Baross, 1971). *publication Year*
- Substandard subdivision:- It is the sub dividing of land into regular unserviced plots for sale to low-income house-builders. In this mechanism the sub divider identifies parcels of vacant land, assemble them, and then proceed to subdivide the assembled project into plots. This is experienced in Latin American cities, like Bogota, Colombia (Paul Baross, 1971)

### iii. Administrative

According to UNCHS, these mechanisms are the means available to public authorities to acquire and dispose of land, change its form of tenure, and regulate its use and development. Thus, public authorities can influence and regulate the supply of land for low-income settlements in two ways: projects and administrative regulations.

- Projects:- usually take the form of land which is released or sold in a planned fashion to specific groups or owner-builders. This would include public housing construction for low-income group, which had been exercised prior to independence, in most of the developing countries; and site-and-service of the 1970s. The two approaches, however, have not contributed much in curbing problems of shelter to the low-income group.
- Regulation:- represent a form of administrative intervention in the urban land market. Given the limited success of public projects in supplying sufficient public housing or land to build on, rules and regulations may yet prove to be the most effective measures that public authorities can utilize to influence the land supply to the benefit of low income urban dwellers. In this regard various countries have intervened differently to release building plots for the low-income group and these are discussed as follows:
  - Land ceiling act and decrees for the nationalization of land for public use in India and African countries, respectively. The former is that no family is entitled to more land than is needed for its own needs, plus a modest amount of rental income (William A. Doebele, \_\_\_\_\_)
  - Decrees which have legalized unauthorized land occupation, as in Peru and Turkey

the middle incomes, in practice, the market is characterized by finished housing supply. This housing market attribute of the middle income would be discernible in the case where segment of the market is dominated by apartment. Thus, neither of the market could be viewed in isolation, since land predominate the market in the one or housing does in the other.

In any case, the unsatisfactory land supply from the side of the formal sector in terms of quantity; and the situation in failing to treat equally all income group in the cities of developing countries has already created two markets, namely the formal market and the informal market (Akin, 1992). The former is created in relation to the delivery of land by the local government or municipalities and generally mediated by estate agents.

Among others, town-planning departments of governments in the cities of Sub-Saharan Africa are worth mentioning. This market caters the middle and upper classes, and accounts for small proportion of the transaction. The agents are well known owing to either they advertise in newspaper or their offices are easily identified (ibid).

The other attributes of the plots of land supplied by the formal market is that, it is laid out or approved by public authorities for which there are title certificates, deeds or conveyance documents. For instance, in Zimbabwe and Kenya, despite the effort made in land titling and registration, during the colonial period, the formal land market accounts for virtually all land transaction.

The informal market, which is also called illegal sub-market has expanded in Sub Saharan countries due to the constrained land delivery system of the government, which particularly fail to cater the low income group. As a result the desperate families seek other avenues of gaining access to land (Gilbert, 1990, as cited in Robert-Jan Baken and Jan Van Der Linder, 1992

and Akin, 1992). Therefore, it is the major supplier of residential land. Unlike the formal market it is rather served by brokers, as middlemen between vendor and vendee.

For the transaction the attestation takes the forms of receipt, for money received signed by both parties, and document of formal conveyance that will, later on, be executed and registered by a lawyer or a notary public. For the transactions and/or transfers the sub-division is carried out by an employed land surveyor who parcel the plot land into urban sized lots.

In countries where land has been nationalized, because the government has no practical programs of responding expeditiously to the demand situation for urban land, most residents look for alternative ways of acquiring building plots from the informal market. It is worth noting that the households approach to the informal market surreptitiously and illegally to purchase land. Then to secure ownership right from the government, they pretend to have purchased the land or owned it prior to legislative measure to nationalize it. It would be clear, therefore, that this process will take long time reducing the rate of supply of land to the market.

Akin, states that urban land market in sub-Saharan countries is distorted due to the fact that there is a lack of information in the areas of volume of transaction, their pattern of spatial distribution within the city and the prices of land. In the cities of this part of Africa land is supplied to the two markets from the formal and informal sources. The difference between the two sources also contributes to the market distortion. The former provides security in its tenure and in some cases already serviced at least by road. In the case of land supply from informal private sources, there is a great risk and perpetual threat of losing it in litigation. Thus the one from the formal public tend to be of higher premium than the informal source, which depends on shrewd of the two parties involved.

In addition to this if the land put on the formal market is situated in a socially selected area the rise in price between the initial allocation by the state and subsequent private transactions of the same plot would be as much as one hundred times. In like manner, in the case of site-and-services plots, the built-in secure tenure could increase the price ten fold (Akin, 1992).

### **2.3. Enhancing Urban Land Supply Capability**

The gap between demand and supply in cities of sub-Saharan Africa has reached a desperate proportion and unable to accommodate the rapid urbanization (Akin, 1992). In this part of Africa the majority of the residents and migrants, therefore, seek and secure access to land outside the formal institutional arrangements. Thus, to reverse the present situation and enhance the capability of municipalities to supply urban land, a number of proposals can be made.

According to Akin, 1992 one of the areas that need due attention is the grading of cities and accordingly delineating their function that suit their socio-economic level of development. In line with this, the persisting multiplicity of accountability of municipalities for which most of the African countries are reluctant to accept should be resolved. In this regard Zimbabwe, for instance, have gone so far as to grade their municipalities and give them powers and functions commensurate with their size, resources and responsibilities. It is believed that this would redress competitiveness and a sense of importance into urban management.

According autonomy in the areas of urban planning and land development is another area of intervention, which is a sine qua non to have a reliable planning division at the local level. This division should be able to work closely with the municipal authorities.

It is also important that in a country where the land is nationalized by the state, municipalities should be granted land, which is situated in their vicinity from the center. Such grant could be defined as a ring of land of varying depth around the city over which the municipality has the exclusive (but centrally over sighted) responsibility of initiating subdivision and promoting development (Akin, 1992:35). It is worth mentioning that this should be accompanied by reformed urban management system. This is because of the fact that it will well-equip the municipalities to manage effective and efficient utilization of the avail scarce resources of the cities.

In sub-Saharan Africa even if the ownership of the land is declared as belonging to the state there is some residual private rights overland. Invariably when the land is to be used, some compensation, even if only for economic crops on the land, is paid. Thus, this will ease the utilization of peri-urban land for the desired use, since violent reaction from families whose property lie within the converted land will not be exhibited.

Once the land is granted to the municipalities it would be vital to ensure its supply in adequate manner and in appropriate serviced condition. This would, however, require deliberate policy reform to accord the private sector a more significant role in urban land development and shelter provision. To expedite this, encouraging and capacitating urban development companies, equipment leasing companies as well as urban focused financial institutions, trade associations, chamber of commerce and industrialists is of paramount importance(Akin,1992).

#### **2.4. Contribution of Good Land Administration System to Improved Urban Land Supply**

Land administration system can take two forms viz. land registration and cadastre (UN, 1996, as cited in Jon, 2000). The former deals with registration or recording of land ownership, value and use of the land. Good

land record helps to ensure security of tenure, while good record of land value and use ensure fair land and property taxation; and efficient resource management, respectively.

Concerning cadastre, however, different countries interpret the term in various ways, it is commonly understood as a form of land information system. Nevertheless, in the context of land administration it consists two parts namely a series of maps of plans showing the size and location of land parcels and the text records. The text form of land record is distinguished from land registration in that it exclusively concerned with ownership. Akin, 1992, on the other hand, divides cadastre in to fiscal and legal cadastre. According to him the former, among others, provides inventory of all taxable properties containing, for each property, the information required to assess and collect property taxes. The later, on the other hand, provides legal record of property ownership.

As far as the benefits of good land administration system are concerned the following are worth mentioning (UN, 1996, as cited in Jon, 2000)

- i. In some countries it provides guarantee on information about the ownership of land. Thus acquisition, enjoyment and disposal of rights in land is ensured. This would in turn tremendously contribute to creating security for investors, moneylenders and government, among others.
- ii. Nevertheless it may not work much in countries where all land is owned by the state, but in the countries where there is a private land ownership, that which remains in the possession of the state must be properly managed. This is to mean that good land administration system protect state owned land from being encroached by farmers or from attempts by squatters to settle on vacant land that is being held for future use. If the land is free from any sort of encroachment it will be easy to supply the land for the desired purpose in the future date.

It is a salient feature that dispute over land and its boundaries are prevalent in many countries, which in turn result in breakdown of law and order. Because resolving such a dispute will take years and years, land can not often be put on the market or put to better use prior to resolving the disputes. Having good land registration system would potentially reduce such a long and time taking disputes. This is because at the time of first registration formal procedures that should be followed resolve uncertainties at the outset. Thus having a reliable land administration system enhances land delivery in the cities.

## **2.5. Historical Background of Urban Land Tenure and Supply in Ethiopia**

### *2.5.1 Pre Derg Evolution of Urban Land Tenure in Ethiopia*

Prior to the reign of Menilik II, land in Ethiopia was the special rights of the then emperor or local nobles to exploit or grant use rights. In due course of time, however, the rise and fall of different dynasties has given rise to an expected and sudden changes over the rights of land (MoFA, 2005). Following the establishment of Addis Ababa, by Minilik II, as the permanent capital of Ethiopia, in 1886, large tracts of land were granted to important personalities of the state, churches and clergymen, Europeans living in the country and foreign legations (Solomon, 1994). These people who were allotted land in traditional manner soon started constructing their own building.

According to Pankhurst 1966, as cited in Solomon 1994, the palace of Episcopal was constructed not far away from the palace of Emperor Minilik; and the other important personalities and the Rases, along with their dependents, were living at the extremes of the then town. It is worth mentioning that most of the neighborhoods or "Safars" are called after the name of the Rases, which is still widely used in the city.

It was in 1907 that Menilik ratified for the first time an urban land decree. However, by then over ten years had already elapsed and durable structures had already been appeared in different parts of the town, as the residents had realized that the emperor would not move the capital else where, any more.

The decree contributed much in providing permanent ownership right over the land. This is in terms of introducing title deeds and land registration for the first time, allowing Ethiopians, and foreigners to purchase land from both the government and individual holders and get them mapped by engineers. The decree also made clear that if the land is needed for some reason by the government, compensation was to be paid (Solomon, 1994). It is important to note that the private possession of extensive land in the hands of few landlords meant that late comers to the city would have faced difficulties in accessing urban land.

The constitution issued by Haile Selasie, in 1931, further consolidated what was laid down by Emperor Menilik II (ibid). In this constitution, it was emphasized that the ownership rights of aristocrats, regional chiefs and ordinary citizens over the land they occupied would be respected. It further confirmed that a land needed for public use would be compensated or replaced if an individual occupies it.

Solomon, 1994 states that the revised constitution of 1955 and the Ethiopian civil code also ensured private ownership of land. As the city of Addis Ababa began to develop as the political, economic and cultural center, the influx of people to the city had tremendously increased soaring the urban land and house rent. It further exacerbated owing to the fact that land was under the control of few landlords denying easy access to the immigrant. Those who could not afford to purchase were forced to resort to

leasing or renting land from the landlords, up on which they build residential houses for a specified period of time.

The leasee would install a large sum at the beginning and small sums every year for a size of a plot not exceeding 300m<sup>2</sup>. It is noted that this system has provided sustainable income to the landlords and also contributed to the increase of land value in that particular area. While subdividing the land in to small plots, usually the landlords reserve a portion of their land hoping high values in the future dates. As regards the 'poor quality of the houses that are prevalent in the city it is argued that it resulted as an effect of the aforementioned housing development. Since the rent builders would refrain from constructing houses with durable materials. In this regard the report of De Leuw Cather International Inc states that some 57 percent of housing units, in 1967, were sub-standard (De Leuw, 1967, as cited in solomom, 1994).

In summarizing the pre 1974 urban land situation of Addis Ababa, Pankhurst described that out of the city's total area of 212 square kilometer 58%, 7.4%, 12.7%, 12% and 9.9% were owned by landlords, small proprietors, government and embassies; churches and members of the royal family, respectively. It is further explained that the landlords were only 1768 in number owning on average more than 7.1 hectares while the small proprietors accounting to 24590 in number had owned an average of 150 meter square of land (Pankhurst, 1966, as cited in Solomon, 1994).

Mesfin 1966, as cited in 'Solomon, 1994 as well confirmed that 5% of Addis Ababa's population owned 95% of the privately owned land. According to him this figure is similar, in most cases, or even higher in other urban centers. The study made by him to illustrate the issue of ownership of houses in some of the urban centers also support his argument. For instance in Bishoftu 29.6 percents of the households owned their own house while 59.5 percent were renters. In the same manner in Dire Dawa

21.2 percent owned their house while 68.5 were renters. This figure, therefore, substantiate the discussion about the predominance of renters over owners of houses.

### *2.5.2 Urban Land Reform of the Derg Regime*

Solomon 1994, states that the central issue of the 1974's popular uprising in Ethiopia was the disproportionate distribution of land in both urban and rural areas. Because urban land and houses were held by few landlords, aristocrats, high government officials and capitalists, land value was tremendously inflated, as the supply was artificially constrained and rental rate of houses were soaring beyond the economic reach of most of the urban dwellers. The preamble of proclamation No. 47, 1975 has had tried to point out these issue as the major problems that necessitate policy intervention in the areas of urban land and houses.

According to the proclamation, all extra land and houses were nationalized, no urban land was to be transferred by sale, and the relationship between landowners and tenants was abolished, among others. Concerning houses, it allows ownership of a single house for a household. All extra houses became government property and no person, family and organization was allowed to obtain income from urban land or house rent (Solomon, 1994: 285).

As an effect of the proclamation, the nationalized houses have been administered under Agency for the Administration of Rental Houses (AARH) and kebeles. Those houses, which are rented above 100 birr per month, do belong to AARH and that are rented up to 100 have been administered under kebeles. It is interesting to note that by then about 50 percent of the kebele houses were rented below 10 birr per month, in Addis Ababa. However, mandate was given for the kebeles to retain 15% of the gross rent revenue to maintain and construct new residential housing units and to pay

for the allowance of ex-owners, they were not able to maintain the houses let alone constructing new houses (ibid).

In like manner, that of AARH is not much better than that of kebeles. Thus the contribution of the two in constructing new residential houses was very minimal, as compared to the demand for it. For instance, between year 1980-1987, 9609 housing units were completed and under construction while between year 1983-1986, 10116 households were registered out of which only 36 percent managed to get rental house (Tarekegn, 1989, as cited in Solomon 1994). This is a fact that shows, people registered with in four years outnumbered the total number of dwelling units comprised by the eight years housing program

In summarizing the combined effort of the government, private individuals, kebeles and AARH, of a dozen of years, Solomon found out that it covered only 5.8% of the demand for housing unit. As a result of the frustrating result it seems the government issued a regulation (Legal Notice No 1994 of 1986) to allow co-dwelling. Nevertheless it is found contradictory to the essence of proclamation No 47,1975, which prohibits income earnings from rental housing; and hence it clearly showed the failure of the then urban land and housing policy. It was a salient feature that the poor whom the Derg claimed stand for was adversely affected by the phenomenon.

At the out set the Derg regime had tried to supply urban land of 500-1000m<sup>2</sup> free of charge, even though, in due course of time it could not materialize to maintain the size and reduced it in subsequent years (MoFA, 2005 and Solomon, 1994). In line with this the corrupt bureaucracy had widened the gap between supply and demand and thus some of the officials were able to benefit much from the illicit transfer of land. At the end of the day the poor who were expecting better shelter in the aftermath of the popular uprising of 1974 in actual fact become worse off (Solomon, 1994)

### *2.5.3 The Current Urban and Land Policy in Ethiopia*

Following the fall of the “Derg”, urban land lease proclamation No.80 of 1993 was promulgated in December 1993 (MoFA, 2005 and Solomon, 1994). According to the basic ideas of the issued new land policy as described in the preamble, the following are worth mentioning.

- i. To achieve efficient utilization of urban land in terms of addressing various segment of the urban population
- ii. To curb the continuing urban sprawl
- iii. To increase the financial capacity of the urban centers so that the demand for basic services and infrastructure is met, and low cost houses are constructed
- iv. To reduce corruption in the areas of land supply and unjustified gain realized during the transaction of land rights

This proclamation states that except those previously used for construction of residential houses the rest are governed by the lease policy. It, in fact, ascertained that when a land formerly used for residential purpose are transferred to a third party, other than inheritance, it would come under lease.

It is worth noting that the lease period varies from 50 to 99 year, following the type of the land use and level of development of the urban center. Among others, it also describes rights and obligations of the leasee and the ultimate ownership and rights of repossession retained by the state (MoFA, 2005). In the year 2002, after a nine-year trial and error of the lease system, another proclamation was promulgated at the federal level. As opposed to the former, the improved legislation attempt to elaborate and revise some of the issues and contents of lease holding such as reduced the minimum lease period from 50 to 15 years, specified the terms of payment to be made by the leasee. It also introduced the notion of granting grace period for the

leasee; and leaves the content of title deeds to be designed by the regional governments.

## **2.6. An Overview of Some of the Legislations and Strategies Developed for the Urban Centers of Oromia Region**

### **2.6.1. Urban Land Regulations**

According to MoFA, 2005, the ONRS issued the first regulation (i.e. regulation No.1/1995) for the administration of urban land under the rent and lease system following the lease holding proclamation issued at the federal level to establish the lease system in major urban centers of the country. Article 16 of this proclamation stipulates that regions are entitled to issue and implement regional regulation.

The aforementioned regional regulation accordingly had attempted to specify the way the urban land should be supplied and administered in the urban centers of the region. The following, therefore, are some of the issues pronounced by the regulation.

- It determined 32, including Bishoftu, urban centers to be administered under lease; and classified them in to four grades. Nine urban centers were in the first, 23 in the second, 56 in the third and 61 were in the fourth grade.
- Lease periods are set based on land use and the urban grade, and hence 60 and 99 years are set as the minimum and maximum lease period.
- Residential plots up to 200m<sup>2</sup> can be obtained without tender, which is in fact the case in all cities. Others are being supplied under various arrangements ranging from free of charge to lease payments.

the projects incorporated in the program. These programs have strong support from the side of international donor agencies and the federal government (MWUD, 2006c).

## **2.7. Urban Centers and their Institutional profile in Oromia Region**

### **2.7.1 City Administration**

Since the establishment of Ormoia National Regional State (ONRS) with proclamation No 7/1992, there are 375 urban centers of different size in the region (MWUD, 2006e). According to the same source the number of urban centers inhabiting over two thousand people is 276. Of the currently nearly 26 million people living in the Ormia National Regional State about 12.5% are living in urban areas (MWUD,2006e)

The 276 urban centers are grouped in to four taking into account population as a sole criterion for the classification. Thus grade one and two constituted three cities each. In grade one Adama, Bishoftu and Jimma are grouped, while Shashemene, Nekemt and Assela are categorized as grade two cities. Grade three is constituted of twenty-eight towns, and grade four is made to have only two towns namely Sandafa and Aweday (MWUD, 2006e). This would sum up to thirty-six cities and towns, that are addressed by the reformation having a population size over 15000 (fifteen thousand) as a prerequisite.

From the 276 there are urban centers, which have not yet under gone reformation even though, they have a population size exceeding what has been set as a prerequisite to qualify for the reformation. Ginchi that has 25000 populations is worth mentioning, in this regard. Because restructuring has taken place some three years ago by selecting limited

number of pilot cities it has not yet expanded much in the rest of the cities and towns

According to MWUD the city administration deals with all government or state functions such as education and health, and the municipal administration responsible for the municipal function such as solid waste collection and street lighting. According to the regulation, as cited in MWUD, 2006e, grade one and two city administrations may organize state functions under five mayoral committee members and may carry out the municipal functions by a municipal manger and relevant structure. Grade three and four "reforming" towns may also carry out municipal functions in the same manner.

It is worth noting that in grade three and four there are towns addressed by the reformation and which are not. But irrespective of their grades, with in the grade system, all the reformed cities and towns do have city administration (MWUD, 2006e). However, the number and functions of main offices vary from city to city.

### ***2.7.2 Municipal Administration***

As far as the municipal Administration of reformed cities and towns are concerned the organizational structures of each of the four grade municipalities vary form one another. In this regard MWUD, 2006e states that in accordance with the current draft implementation regulations, the staffing level of the towns' decreases with the grades of the town. The maximum staffing level for municipal function of grade one and two cities are 176 and 112, respectively. In like manner that of grade three is 62 while grade four is made to have 31 workers.

From review of the document it is learned that the general manager reports to the mayor. He is also a member of mayor's committee (MWUD, 2006a). In addition to the operations, line departments such as Administration and Finance Department, Construction and Contract Administration Departments and Urban Planning and Land Management Department there are supporting services namely Legal Services, Audit and Inspection Services and Planning and Information Services.

### *2.7.3 The Location of Wereda and Zones In the Administrative Setup of ONRS*

According to the current administrative set up the way the municipalities report to the regional urban development support service could be classified in to three. The cities grouped in grade one and two directly report to the regional urban development support service. The reformed cities and towns of grade three and four , on the other hand , report to the aforementioned entity through the zonal administration. For the towns that have not yet undergone the reformation they report through the wereda administration.

Currently, in ONRS there are 14 zones and 200 weredas. In the region there are 5653 kebeles, however, following their location they report differently to the next higher level of government entity (MWUD, 2006e). In the case of non-reformed urban centers the kebele report to the wereda; and in the case of reformed cities they report to the mayor of the city administration. The rural kebeles are accountable to their respective weredas.

The Urban Development Support Service Branch of the Regional Trade, Industry and Urban Development Bureau is the ultimate regional entity that , among others, support and guide the development to facilitate a good working relationship between the regional government and the cities in the region, and also build the capacity of cities through institutional , technical and material assistance, etc. At zonal level this branch form one of the main

departments of the zonal administration and named Trade, Industry and Urban Development Office.

## **2.8. Housing Stock and Needs in the City of Bishoftu**

Various housing related studies indicate the absence of up-to-date qualitative and quantitative data to undertake a study on the baseline condition of housing both at the national and regional level. Thus, virtually all studies tend to rely on the census result of 1994, which has exceeded eleven years. The absence of clear legal framework, policy instruments and institutions wholly devoted to housing can be some of the major factors for the absence of updated data on the issues stipulated here above.

In Bishoftu city, CSA 1994 states that out of 15112 housing units 62.37% of the dwelling units' floor is made of mud, 68.15% have no ceiling at all, 23.07% have no any sort of toilet. The same source depicted that 84.84% of the dwelling units have no bathing facility, 23.47% have no kitchen, while 23.02% use shared traditional Kitchen. In terms of tenure 35.39% were owner occupied, 35.16% rented form kebele. It is computed that all sort of rents such as from public housing agency, other organizations and private household renters account to 54.3%. This shows that the majority of the households live in rented dwelling units. In the same year household per housing unit was 1.04 and persons per housing unit had reached 4.7 for the city.

MWUD, 2006b states that the recent study carried out is the one conducted by PADCO in 1996. It is an international consulting firm, which made study on the condition of housing units in collaboration with NUPI, in 10 selected towns in the country including Addis Ababa, however, Bishoftu was not selected for the study. MWUD suggests that the description of the findings can be applied to urban housing of middle to large towns of ONRS.

To mention some of the survey result, the average person per room is found to be 2.7, which is extremely high by any standard. The average area of a room was 7.9m<sup>2</sup>, which is a very small room by most standards. The study report further describes that only 14% of dwelling units were classified as having wall construction of modern material (i.e. HCB or bricks) and 68% were of chicka.

In the housing sector study, which has been carried out very recently by GTZ-IS, for the Ministry of Works and Urban Development in 2006, effort was made to estimate imputed annual production of dwelling units needed for the city of Bishoftu, in between years 2005-2015. Needless to mention that housing need is different form housing demand<sup>1</sup>.

**Table 2:: Estimate of Housing Need for 2005-2015**

	Adama	Bishoftu
Estimated No. of households in 2005	45251	26852
City HH Ratio to 2005 Adama Households	1	0.59
Imputed annual production of dwelling units needed	2150	1268
Total estimated dwelling unit needs by 2015	21500	12680

**Source: MWUD, 2006 as adapted by the author**

This projected housing need bases its estimation on the household forecast of CSA, which estimated the household of the city at 26852 in 2005. And it relates its basic notions to the housing sector study of Adama Project Office, which rated the annual housing need of the city, between the year 2003-2020, at 2150; and also adopted CSA's household estimate of year 2005 that is imputed at 45251. By extrapolating that of Adama to Bishoftu the consultant estimated that 1268 housing units will be needed annually with in the specified period of time, for the city of Bishoftu (the details are seen in

<sup>1</sup> Housing need is defined as the number of dwelling units required to adequately house the whole present population and by projection, the anticipated population for a specific period, on the bases of one house hold per dwelling unit.

Housing demand is defined as the expressed monetary demand for housing or housing element, which consumers can offered and towards which housing production is oriented(MWUD, 2006b)

the table). The assumptions of housing need forecast of Adama include among others, new household formation, backlog and replacement of deteriorated kebele houses.

It is worth noting that this study is a rough estimate that helps only for general purpose, and hence it would not be considered as a detailed study that adequately analyzed the base line condition in the housing sector of the city.

Based on the available data and information housing strategy for the urban centers of ONRS, that can serve for the next five to ten years, have been developed by GTZ-IS. This consulting firm proposed to focus on a strategy of enabling the existing housing system to work better and be more responsive to the needs of the lower income households.

According to this study the strategy components are divided in to two sections viz. expansion of the existing new housing process and improving existing housing stock. As far as the new housing process is concerned, the strategy deals with improving municipal land release targeting the low income group, providing micro finance for the new starters, strengthening pro-poor housing cooperatives and restricting municipal low cost housing program, among others. Improving existing housing stock, on the other hand, works on improving kebele houses through different mechanisms and privatizing the houses that belong to agency for the Administration of Rental Houses (AARH). In addition to this strategy, the establishment of Regional Housing Development and Administration Enterprise is deemed as a factor that provide a fertile ground for improvement of the housing system (MWUD, 2006b)

However, there is still a strong debate on some of components of the strategy, from the side of officials and local consultant (i.e. the firm hired by the Regional Transport, Industry and Urban Development Bureau for the

undertaking of study on how to implement the various studies carried out by the international consulting firms). The consulting firm, on its behalf, suggests that there should be a monitoring and evaluating system for the urban housing sector to examine and select that works better to those that create adverse effects.

One of the debatable issues is that the strategy assumes expansion of the existing chicka houses<sup>2</sup>. And also it states that a kebele house which is relocated as an effect of investment should be owned by the sitting tenant (i.e. ownership right of the house should be given to the household living in it). The former does not seem contemporary solution to the housing problem, as the houses definitely lack the desired quality. Concerning the later it would not be faire to offer such an ownership for a tenant who does not invest on reconstruction of the house.

The long term strategy is all about deepening and expanding the success of the short and medium term components, which are discussed here above, and introducing of new housing mechanisms. As regards the later the study report describes that there are housing developers constructing "G plus" residential building for condominium sale; and already private housing market is emerging in Addis Ababa. More over, it is important to note that the possibility of private sector to develop housing land is being discussed (MWUD, 2006b). Another important issue getting attention from the side of the government is the importance of conducting research for low cost building technologies and materials. The cumulative effect of these will improve the performance of housing system in the long run.

Thus, according to the solutions accorded by the consulting firm, cities and towns in ONRS in general are expected to adapt/adopt what has attained

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<sup>2</sup> chicka house is a housing unit for which the walls are made of wood and mud. However, it can be plastered and painted, as a finishing material.

success in Addis Ababa; and observe and track the evolution at the center. It is with this approach that housing problems in the urban centers of the region is expected to be alleviated in which Bishoftu will also be one of the beneficiaries.

## **2.9. The Prepared Urban Plan and Its Spatial Use**

The city of Bishoftu which is widely known for its crater lakes, beautiful scenery and its military importance, as a seat for the headquarter of the Ethiopian Air Force has been provided with different urban plans. The latest of the past development plans which was prepared in 1969 by the Ministry of Urban Development and Housing was being used until the accomplishment of a new plan prepared by NUPI in 1999 (NUPI, 1999)

According to NUPI the plans prepared in the past might have achieved many development goals and objectives. However, limitation to almost all of them was their little success in explaining the town's natural resources, mainly the lakes, and in diversifying the urban economy, which was largely based on the presence of the military force. As a result of this the large proportion of the shorelines of major lakes have ended up in the hands of few government and non governmental organizations, research and religious institutions or private individuals; and considerable unemployment rate are remarked.

The plan, which was prepared in 1969, has become outdated after 20 years. Then after, upon the request of the regional government of Oromia, NUPI started preparing development plan in 1997 which was finalized after a couple of years. This plan, among others, has the objectives of preparing a development plan that harmonize with and exploits the socio-economic and natural potentials of the town and achieving an efficient and balanced use of land (NUPI, 1999).

From the review of the accompanying Development Plan Report it is learned that the proposed land use map is prepared on the partially updated base map. According to the report the base map was not even reliable owing to the fact that the used orthophoto it self was of poor quality and was not of due date. Thus effort was only made to update the expansion areas of the base map of 1969 (NUPI, 1999).

As far as residential land is concerned, the proposed plan has designated about 187 hectares of pure residential land for the forth-coming households. Apart from this the report states that a considerable size of vacant land within the existing settlement is proposed for residential and related activities. However, its size is not clearly stated. According to the population forecast of the planning team, the population of the town, which was 82727 on the base year (1998) was expected to reach 117395 in 2008. This would give rise to a population increase of 34668 to the base year. It is interesting to note at this juncture that the plan does not assume reduction of household to housing unit ratio of 1994 which was 1.04. Thus, the additional households are estimated to be 7455 in the set planning period. This in turn has predetermined the additional housing requirement as though it will never exceed 7168, in the planning period.

not explained

Table 3 Illustrates Existing and Proposed Land use of Bishoftu

Land Use	Existing (HA)	Percent of Urbanized	Proposed (HA)	Percent of proposed
Residence	465.80	18.71	653.00	14.36
Administration	33.00	1.33	38.00	0.84
Commerce	24.15	0.97	54.00	1.19
Service	411.56	16.53	484.00	10.63
Manufacturing and storage	245.00	9.84	507.00	11.15
Transport	228.20	9.17	407.20	8.96
Recreation	24.12	0.97	511.40	11.24
Urban Agriculture	262.20	10.53	656.4	14.44
Forest	83.2	3.34	406.9	8.95
Reserved areas	-	-	255.1	5.61
Special function	712.56	28.61	574.25	12.63
Total	2489.79	100.00	4547.25	100.00

Source: NUPI 1999, as computed by the author

**NB.**

- Special function includes land uses that do not be directly used by the city such as water bodies and military camps.
- Reserved area is a land designated for a multiple use (in the context of Bishoftu's development plan)
- Urban Agriculture includes Horticulture and Animal husbandry

The categorization of some of the land uses still, however, is ambiguous the study team has tried to regroup the relevant land uses into their respective categories. For instance, it is not clearly spelled out where do the crater lakes are categorized. As it is illustrated on the table manufacturing and storage, transport, recreation and urban agriculture have shown remarkable increase on the proposed land use. Recreation and urban agriculture showed such a change among others, due to the fact that considerable land is reclaimed from the special function (i.e. flood prone areas situated on the surrounding areas of lake Cheleleka is put in to urban agriculture and recreation).

In order to make the plan more flexible responding to unforeseen circumstances, a reserved area that could serve for multiple uses, including residential function has been proposed on the land use map on top of what has been discussed here above. Accordingly, about 38%(i.e.97.35 hectares) of the reserved area is apportioned for a mixed use of residence with other complementary and compatible uses.

The proposition of by pass road and other roads have contributed for the noticeable increase of land use in the transport category. The share of the built up area such as residential and commercial areas have remarkably been small partly because a substantial area of the city is covered by water bodies such as the crater lake.

#### **2.10. Elements of Current Residential Land Supply and Demand in the City**

According to a study conducted by GTZ-IS for the Ministry of Federal Affairs, 2005 on urban land administration and land markets in Oromia the current urban land supply of the city of Bishoftu can be classified in to three.

As the urban lands lease holding proclamations issued at the federal level (i.e. proclamation No 80 of 1993 as cited in Solomon, 1994 and No 272of 2002) states land is the property of the state and the people of Ethiopia. These proclamations give use right to the citizen. Thus in the city of Bishoftu if one takes a closer look at the land market it would be common to find out three sources of supply that partly govern one of the two forces of the land market (i.e. supply side)

In the supply side the first one would be formal supply of the existing residential land parcels. This is the built up plot upon which there is a structure and that have title deed (karta). There are two types in this source of supply namely the parcels in the rent system and the lease system. The

second type of residential land supply is from the side of the municipality, which again comprise the rent and lease system. MoFA, 2005 termed the former type of supply "Administrative". It is because the land delivery is not truly based on free land market. Rather it is a sort of supply in which people who qualify for the requirements, set by the municipality, are allotted on the lottery basis. The latter is a supply carried out by negotiation or auction. For the purpose of managing the selling price the municipality would set the floor price based on the assessment made on the current market price for the land. Then the bidders negotiate or bid in the auction.

The third type is the informal supply that takes place on the urban fringe. When the peasants that reside on the periphery become under urban pressure they sale their land by sub-dividing it in to urban sized plot. Usually these new parcels come with out any document or title. How ever, this might be strait forward and affordable means for many of the low-income group it is highly discouraged by the officials.

In like manner, it is possible to disaggregate the demand side for residential land into three. The demand side is one of the aforementioned urban land market governing forces. For the existing parcels upon which there is a built-structure and that have title deed any Ethiopian or enterprise (including joint venture companies having foreigners as a shareholder) can seek out and purchase the land in the permit or lease system (MoFA, 2005)

In the case of demand for new parcel the applicant should pose their demand to the municipality both in individual builder or cooperative form. In both cases the municipality requires the applicants to meet minimum age of 18, proof of residence in the city, a declaration of no property ownership in the city and payment of fees that can total over 2000. However, it is currently revoked (since 1997 EC.) the applicants should have also been required to present evidence for the deposit in a blocked account. The

housing cooperatives, which in general are highly encouraged by decree No. 1/1997 EC, as cited in MoFA, 2005, comprise 12 to 30 members.

The other component in this category is the demand posed for the lease system. In most cases it is dominated by relatively high-income group who meet the financial requirement of the city and who are not satisfied with the standard plot size in the rent system. Thus they usually purchase a plot of land not lower than 250 square meters.

The third type is the demand posed for the informal land parcelation at the urban fringe. The conveyance of the parceled plots is usually confirmed by simple contract paper, perhaps endorsed by rural kebele or peasant associations and witnesses of the seller and buyer. From the discussion made with the informant it is learned that these people who acquire land at the urban fringe are predominantly speculators. They prefer this informal sub-market as a matter of the fact that they do not afford the municipal financial requirement or fees, are not satisfied with the standard plot size of the permit system and could not wait for the inconsistent and qualitatively inadequate, land supply, among others.

TO sum up the discussion on the elements of residential land supply and demand it is important to keep in mind that the formal supply and demand form the formal urban land market, while the informal supply and demand form the informal urban land market (informal sub-market). Nevertheless, there is no data available as regards yearly-based volume of transaction in the formal and informal sub-market. It is presumably estimated that the formal market that comprise the supply of existing parcels (from old settlement areas) and the new delivery from the municipality exceeds, in volume, that of the informal sub-market.

## CHAPTER III

### 3. Situational Analysis of the Land Supply System

This chapter basically deals with identifying and analyzing the root causes of short land supply in the city of Bishoftu. As it has been discussed in the introductory part sample survey has been conducted on the allocated households and their parcels (both in the rent and lease regimes) and the unallocated households. Besides, the data collection and information gathering have been triangulated by documentary research, physical observation and interviews held with various officials and technical personnel working in different government offices.

The survey has covered 207 plots (in the rent system) out of which socio-economic data were collected for only 178 households, as the rest were totally vacant and it was difficult to trace the owners. Concerning the lease system the survey has covered 15 plots and again out of these plots two of them were totally vacant. In both systems data on the status of the plots have been collected for all of the plots. In the case of the unallocated households 48 peoples have been covered by the survey, which would help to capture their view towards the land delivery system.

The findings of the study show that land delivery has been influenced in the city by various factors among which poor institutional capacity and accountability related problems in the existing institutional arrangements have been noted. Policy and or regulation related problems, the quality of the plan prepared for the city and lack of modern land information system are also worth mentioning in hindering residential land supply.

### 3.1 Poor Institutional Capacity of the Municipality

#### 3.1.1 *Inadequate Municipal Financial Capacity*

Financial capacity is one of the basic elements in determining the quality and coverage of the services expected from a municipality. Having adequate financial capacity alone would not guarantee the quality of municipal service; however, it can provide a fertile ground per se. This is to mean that having dependable financial capacity can buy professionals; and install the necessary system to meet the desired objectives. Like wise the regional government has been making an effort to alleviate the problem by reforming some of the cites, including Bishoftu, as a model. In this regard the information obtained elucidates that mayor and city manager were assigned, for the city, in February 2002 while the municipality and city administration started working in accordance with the mandate accorded by the reformation on the fiscal year of 2002/03. Since then the city is being administrated by the Bishoftu Urban Local Government, which has two functions viz. state and municipal functions.

As the data obtained from the municipality of Bishoftu elucidates the revenue and expenditure of the municipality have generally been showing improvement with the average annual growth rate of 44.04 and 58.20 percent respectively. Especially after the reformation, which was undertaken in February 2002 the revenue of the municipality in a relative term has shown remarkable change (see table 4).

**Table4 Illustrates Planned and Achievement of Municipal Finance in “000s”**

Fiscal Year	Revenue in Birr 000's		Expenditure in Birr 000's	
	Planned	Achievement	Planned	Achievement
2000/1	2765.17	3009.82	3898.90	2642.93
2001/2	2979.08	2970.61	4882.70	2429.47
2002/3	3292.58	4116.26	6043.00	2679.73
2003/4	6047.47	6780.08	6722.32	6191.16
2004/5	13771.18	11548.73	9742.13	6393.34
2005/6	18000.00	17075.49	22569.37	16267.88

*Source: Municipality of Bishoftu*

As regards the revenue side the figure illustrates that before the reformation there was a rise and fall of revenue. By contrast, after the reformation there is a continuous rise and significant increment accounting to about 70% has been noted, for instance, between the fiscal years of 2003/4 to 2004/5. If one compares the planned and achievement in revenue collection the figure shows that in three of the years the level of achievement exceeded what was planned. The highest level of achievement (i.e. performance) is marked in the 2002/03 fiscal year, accounting to about 125%.

In addition to this the profile of revenue, titles, for instance, for the year 2003/4, 2004/5 and 2005/6 elucidate that income from land lease, technical service and land rent constitute the highest share consecutively for each of the aforementioned year. It is also noted that the proportion of these revenue titles in general and that of lease income in particular is increasing over the years. According to this for the year 2005/6, for instance, income from land lease, technical service and land rent constitutes 34.21, 24.83 and 16.34 percent, respectively. The rest of 21 revenue titles comprise the remaining 24.60 percent of the income.

The marked increment in the amount of revenue and level of achievement does not mean the municipality has no problem pertinent to revenue collection. The interview made with municipal staffs and reports of various studies ascertain that the tax base and their tariff were set as far back as 50

years. Apart from this tax evasion, arrears, under exploited tax base default, embezzlement, corruption, lack of qualified and experienced man power and logistics are basic problems still hampering revenue collection. Had these been improved the revenue collection would have been increased more than what has been achieved.

From the review of some studies and discussion held with municipal staff it is learned that proclamation No 65/2003 has empowered the municipality to introduce and revise tax and tariff and has accorded the right to borrow from government or financial institutions. However, the municipality has not yet revised the tax and tariffs and has never borrowed but has provided a draft by law, however, confronted by unwillingness to pay by the local business, claiming that there is no legal basis (MWUD, 2006f). Owing to the fact that the municipality has never borrowed and there is no any financial support from the region the municipality has been providing services to the residents from own revenue sources.

As far as the expenditure side is concerned outlay of the municipality which was around 2.5 million before and upon the reformation has exceeded 16.4 million in three years, after the reformation. According to this if one compares the expenditure of 2002/03 with that of 2004/05; and 2004/05 with 2005/06, it has increased by about 131 and 154 percent, respectively. Concerning the achievement level of municipal outlay there has been a serious problem especially on the capital investment. For the fiscal year under consideration it is observed that the aggregate expenditure achievement ranges between 44.34 to 92 percent; and that of capital investment ranges between 15.32 to 88.89 percent. Generally the achievement of recurrent expenditure is in a better status accounting to 73.12-102.35 percent.

The general increase in municipal outlay is due to the fact that more attention is being given to capital investment in infrastructure development and procurement of machinery such as road and ditch construction, and purchase of loader and tractor, respectively. To this end, the level of achievement is influenced as a matter of the fact that the companies which had entered contract agreement to supply the machinery were not able to handover on due date, as per the agreement, among others.

According to the analysis made it is learned that per capita revenue and expenditure of the city, for the years under consideration ranges from 28.94 to 136.60 birr and 23.65 to 130.14 birr, respectively. These would give rise to an average per capita revenue and expenditure of 65.00 Birr (USD 8.00) and 52.00 Birr (USD 6.00), in the same respective order.

Per capita revenue and expenditure indicate the assumed share of an individual inhabitant from total annual revenue collected and total annual spending by the municipality. I.e. it reflects the average level of services in terms of Birr that an individual inhabitant can expect to get from municipality (Wondimagegnehu, 2005 and FUPI, 2005).

It is important to note at this juncture that the computed figure of per capita revenue is very low compared to the average per capita of African cities USD 15 and other regions, around the world (Habitat, 1997 as cited in Wondimagegnehu, 2005 and FUPI, 2005). As the table below illustrates the situation in Bishoftu is in a better position as compared to the capital cities of the developed regions in the country, Ethiopia. In fact, the data are not on the same platform, as the available data for the regional capitals is not a recent one. Looking in to the average per capita expenditure of Bishoftu, it is again lower than the average per capita expenditure of African cities, USD 10 (as cited in Wondimagegnehu for the average expenditure of African cities), which is not commendable.

**Table 5 Illustrates Per Capita Revenue**

Cities	Per Capita Own source in Birr	Per Capita Own Source in USD
Bishoftu	65.00	8.00
Jijiga(1996)	99.00	12.00
Awassa (1996)	29.00	3.00
Mekelle (1996)	52.00	6.00
Bahir Dar (1996)	45.00	5.00
Adama (Nazreth, 2003/04)	92.00	11.00
Jimma(2003/4)	40.00	5.00
Africa	-	15
Arab States	-	1682
Asia Pacific	-	249
Industrialized	-	2763
Latin America	-	252
Transitional	-	237

Source: - Overseas data from UDSS: 2002, as cited in FUPI and Dire Dawa Provisional Administration

- Bishoftu: computation made by the author.
- Awassa, Mekelle, Bahir Dar and Jijiga: Von Katte and etal, as cited in NUPI, 2003
- Adama and Jimma ( it is a one year data), as cited in MWUD, 2006f)

The implication of this figure is that the financial capacity of the municipality of Bishoftu city is very low ill-equipping the municipality to provide the necessary services; and invest on infrastructure development that contributes for the development of the city. For instance, from the capital investment of about 3.05 million birr, in fiscal year 2004/05, about 48 percent was the cost incurred for the compensation of peasants occupied land. From the computation made it is also noted that virtually in all the selected years the recurrent expenditure constitute the highest share of the utilized budget ranging from 48.98 in 2003/04 to 81.4 percent in 2001/02. It should be noted in fact that the share of recurrent expenditure has raised due to the fact that the achievement of capital investment is low.

According to Woundimagegnehu, 2005 construction of 1km asphalt road in the city of Nazreth and Awassa would cost about 2 million birr that could hold true in the case of Bishoftu, since they are all situated in rift valley having similar topography and more or less soil of same engineering property. Thus it is possible to imagine the financial scarcity of the municipality to enhance its institutional capacity in terms of collecting solid waste effectively, street light provision, roads and bridges construction, and off course supplying residential land for the rapidly growing urban population.

### *3.1.2. Municipal human resource*

As it has been discussed in the preceding part municipal financial capacity is one of the prerequisite, however, it is not the sole element to provide sustainable and satisfactory services in the urban centers. It provides the fertile ground to recruit the necessary qualified and experienced man power. Organizational structures of municipalities would also be developed taking in to account the revenue generating capacity of the municipalities.

In this regard to reverse the poor performance of Bishoftu's municipality the regional government has revised the organizational structure of the municipality along with the reformation. Accordingly effort has been made, since 2002/3, to make the salary of the municipality attractive so that it would enable to recruit qualified and experienced manpower. According to the human resource data obtained from the municipality, currently there are 147 employs. Out of these 23.8 percent have completed elementary and junior secondary school; while 48.3 percent are from secondary school. Those that hold diplomas and first degrees constitute 18.4 percent and 9.5 percent of the total staff, respectively.

As far as the urban planning and land management department of the municipality is concerned few years back there were 12 employees of related educational background, including the department head. Currently, however, there are only 8 employees excluding the department head, while the rest are transferred to other department of the municipality and other municipalities. The planned manpower of the Department is 21 professionals and 3 non-professionals (MWUD, 2006e). The department has three teams namely; the land administration and registration team, plan implementation and lease teams. These teams comprise three, eight and one professional in the same respective order. From the review made on the study report of MWUD, 2006a it is learned that the municipality is under staffed owing to the inadequate financial capacity of the municipality. This department, therefore, is working with only 13.3 percent of the planned staff.

According to the interview made with the city official<sup>3</sup>, after the reformation, however, there is an improvement in revenue collection, delivery of services and entertaining clients; there is still a shortage of qualified and experienced manpower. For instance it has been noted that the position of head of the department of urban planning and land management requires an urban planner that meet PS-9. For longtime, however, the department is being headed by an acting civil engineer of less experience than what was required. From the discussion held with the municipal official it is also learned that this is a salient feature in some of the remaining departments and positions. Thus it is found difficult to decentralize power to the departments which in turn over loaded the city manager. However, officials suggest that there is a need to have a deputy city manager. Otherwise, the municipality can not cope up with the rapidly growing urban population in general and influx of clients, in particular.

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<sup>3</sup> Interview made with municipal official:- it was the interview held with the city manager on Sept. 2006

Currently the municipality entertains clients three days a week; and thus to be responsive and minimize the shortage of man power it has been trying to recruit professionals in the available vacant positions for the department of urban planning and land management. Looking into the existing professionals' profile of the department they are Urban engineers, Technicians, Surveyors and Drafting workers; and all are graduates in Diploma and Advanced Diploma. The acting Department head is a graduate in BSc. (i.e. graduate in Civil Engineering), who is transferred from the department of construction and contract administration to the department under consideration, on a temporary basis.

From the assessment made it has been noted that most of the existing staff are new to the city and have no much experience in the field. This happened due to the fact that there has been frequent firing of the technical staff and some got upset and resign on their own or ask transfer to other organization or municipalities. The frequent firing of these staffs alone can cause backlog on the demand for land for various uses, among others, as it results in inconsistent land supply in the city.

As a cumulative effect of all these the municipality is working under staffed; and hence has been facing challenge to cope up with the growth of the city. Apart from this, planning capital investment that contributes to the growth of the city can be influenced due to the shortage of man power. Besides, the current capital flight to the city can be turned away from the city to other neighboring urban centers, if the municipality could not booster its institutional capacity, and continue to fail from responding adequately to the clients that come from Addis Ababa and the city.

### 3.1.3. Municipal Equipment

Equipments are necessary for the municipalities for the efficient and effective service delivery; and to undertake various developmental activities. These equipments ranges from theodolite and computers to heavy duty machineries. It is especially quite important for the line departments such as the technical department.

In the city of Bishoftu these basic elements are still lacking and or absent. As the following table illustrates they do not have a well functioning theodolite and one is not totally functional. Very recently the municipality has purchased a loader and a tractor. The loader is used for road construction and the tractors are for solid waste collection. There are three dump trucks that have also been used for solid waste collection on top of the role they played in local road construction; and two of them are old. There is one grader; and distomat for the measurement of distance, however, is not in a working condition.

**Table 6: Available Equipment of the Municipality**

Item	Number	Working condition	Remark
Ordinary Theodolite	2	Operational	1, NF
Grader	1	Operational	Good condition
Dump truck	3	Operational	2 of these are old
Loader	1	Operational	New
Tractor	2	Operational	Both are new
Distomat	1	NF	-

**Source: Municipality of Bishoftu, 2006**

It is worth mentioning that the municipality has been making an effort to provide the necessary machinery that could help in facilitating the supply of land such as by paving access road in expansion areas. But in the case of

theodolite the technical personnel complained that there is a serious problem; and it has been influencing the performance of the department.

It is worth noting that the theodolites are outdated and the one that they have been using has serious problem in the undertaking of surveying works. This will ultimately cause delay to timely completion of surveying work both during preparing tracts of land for investment and or for parcellation of residential land. After completion of the study and detail plan preparation implementation of parceled plots will also be time taking, and would be discouraging for the technical staff.

As regards computer, the department has no computers. Thus they have no any modern type of filing system or information system. However, the department is the basic source of revenue it still works with the ledger system. It is important to note that taking the average of the recent past three years (i.e. 2003/4-2005/6) land related revenue constitutes about 73 percent of the total revenue of the municipality.

### **3.2. The Effect of Urban Sprawl to the Peasants and their Reaction**

The physical growth of cities is not a new phenomenon; however, it should have to be regulated. Otherwise deregulated horizontal growth can result in inefficient urban economy, among others. As far as the city of Bishoftu is concerned due to the fact that the urban economy is infant, which is the reflection of the national economy as a whole, the low level standard of living in the city, cultural effects, etc, virtually all the houses and economic establishments situated in the city are of one floor buildings. This is not to deny the existence of few units that have more floors.

To this effect the city has been following horizontal growth trend than upward. There are no apartments constructed in the city by a private sector. Very recently, though, the federal government has started to introduce condominium in the city, as it is one of the selected project cities for the housing program. The continuous and rapid urban sprawl, therefore, is causing eviction to the peasants, living on the urban fringe. From the discussion made with the concerned municipal staff it is learned that eviction was not there in the fiscal year 2000/1 and 2001/2 and data could not be obtained for the year 2002/3. In the following table a trend of three consecutive years is presented illustrating the number of evicted households and the amount of money paid for their property.

**Table 7 Depicts Evicted Households and Money Paid for their Property**

<b>Year</b>	<b>Evicted Households</b>	<b>Money paid</b>	<b>Avg. money paid per households</b>
2003/4	153	1120161.33	7321.32
2004/5	172	1,473,603.42	8567.46
2005/6	409	9,113210.88	22281.69

**Source: Municipality of Bishoftu.**

As shown on table 7 the number of households evicted has been increasing over the years. This might probably be linked to the rapidly growing urban population and the rise in the volume of capital flight to the city, and thus the cumulative effect of this exerted pressure on the demand for land.

The data obtained shows that there is a general trend of increase in the supply of land for the construction of various economic establishments and residential houses with an average of 47 hectares and 473 plots, per annum, respectively. Nevertheless, this has been causing eviction of peasants on the urban fringe.

UNCHS, 1985 as cited in Catherine F. and Partick MC A., 1992 states that compensation must consider the economic, social and cultural reality of the people. This is to mean that if expropriation destroy a community then

compensation should be designed in such a way that enable to rebuild the community elsewhere. Or if it destroys their livelihood, then income support and retraining programs should be introduced. It further states that land must be replaced for land in a community that view land as having a meaning beyond a capital asset. It is also emphasized that the community must be involved in making decisions about the nature of the compensation (This refers to the W's, i.e. when, what and where).

As the table elucidates the average amount of money paid to the households is very low. From the information obtained it is understood that the regulation that spell out the modalities of compensation has frequently been changed. For instance, before the fiscal year 2003/4, for the compensation, ten years of agricultural products had been considered. For the aforementioned year it was reduced to five years. The number of years to be considered has been uplifted again to ten years, since the fiscal year 2004/5. In any case the compensation is still very low affecting their survival, as for obvious reasons the peasants do not have any other means for their livelihood than the land they used to cultivate.

For the year 2005/6 the money has shown some increment, which may probably be linked to the current rise for the price of agricultural products, or the locality is inhabited by peasants of better economic status and land holding. For the compensation the market price of the crops the farmers produce, the permanent plants, houses, grazing field, etc would be considered.

The municipal official tells that in the process of compensation Wereda Administration and the peasants under consideration would be involved in the discussion at the outset. During the cost estimation, for the compensation, a professional from agricultural department (who determine the rate of compensation for the properties), technical staff from the

municipality, the peasant him self and chair man of the peasant association would be involved.

Despite the municipality attempts to create awareness; and involve the peasants in the discussion they do not seem to have a voice and/or play any decisive role on the rate and modalities of the compensation (i.e. the W's). As a result of this they some times oppose and resist leaving the place; and uproot the stakes of parcellation, which makes the municipal surveyors to go on the field very frequently to replace the sticks

### *3.2.1 Cost Incurred for Compensation and Revenue Collected*

Concerning the cost incurred for compensation and revenue collected in return from the same land, despite the effort made data was not readily available, as it was expected. Nonetheless, the desired analysis is made selecting one of the allotted areas for the year 2005/6, since it is a recent one and the data is found more reliable.

According to this on an area of 11.03 hectares 57.3 percent has been used for residential function and parceled into 309 plots of 200 square meter; and 9 plots of 160 square meters each. The rest of the plot of land has been designated for other service such as road. The compensation rate for the year was at a range of 6.15 birr/m<sup>2</sup> to 6.34 birr/m<sup>2</sup> with an average of 6.25 birr/ m<sup>2</sup>. This incurred the municipality a total cost of 689375 birr for compensation.of the aforementioned tract of land.

Concerning the revenue collected a fee of 3821birr and 3111.40 birr were collected per plot of 200 and 160 square meter, respectively. It is interesting to note that the plot of 200 square meters is considered as a grade two plot while 160 square meters is reckoned as a grade one. This give rise to an average fee per meter square of 19.11 birr and 19.45 birr in the same respective order. Nevertheless the difference is not significant

enough it seems the principle of subsidizing the low income group from the high income group is disregarded. The reverse should have been made to cross-subsidize the low-income group and encourage the demand for small sized plots(In fact in the last couple of years the municipality has been allocating land regardless of the size the applicants were registered for).

It is also a common knowledge that the utility gained from a plot of 200 m<sup>2</sup> is higher than that of 160m<sup>2</sup>. From the net residential plots of this locality, the municipality has collected about 1.21 million birr, and earned a profit of about 43 percent regardless of the overhead cost. Looking in to the profile of the fees set for the two types of the plots the difference stem from the fees of building permit and rate of land rent set for each size and grade (see the table below).

It was in the fiscal year 2005/6 that the municipality started collecting fees from the people who won the lottery for the compensation of peasants' property. As the following table illustrates for each of the plot and grades the fees are marked with increasing trend.

**Table 8 Elucidates Fees Per Plot Over the Years.**

Year	Fees Based on the Size and Grade of the Plots					
	200m <sup>2</sup>			160m <sup>2</sup>		
	Grade-1	Grade-2	Grade-3	Grade-1	Grade-2	Grade-3
2001/2-2002/3	25191	2583	2575	2121	2114.60	2108.20
2003/4-2004/5	2599	2591	2583	2127.40	2121	2114.60
2005/6	-	3821	-	3111.40	-	-

*Source: Municipality of Bishoftu*

The rise in the fees between the years 2002/3-2003/4 is due to the amendment made on the rate of land rent in the urban centers of Oromia. That of 2005/6 is due to the strategy employed by the municipality to collect money from the allocated people, for the compensation. In such a way for the plot of 200m<sup>2</sup> and 160m<sup>2</sup> the municipality has additionally charged the people 1230 and 984, respectively.

For each of the plot this would give on average 6.15 birr per square meter. This again shows that the winners of the lottery of the two categories are charged equally, while they are allotted a land of different grades. That of 200 square meters is considered; as grade two and 160 square meter is grade one. Interestingly all are in the same locality so it would be fair to say that the municipality has unknowingly been discouraging the demand for small sized plots:

The discussion can be summarized by bringing two main points into attention. On the one hand, the analysis shows that with the current rate of compensation, the municipality can, at least, supply residential land to the needy people in the future; and with the marginal profits obtained can provided some services. Had the municipality not followed such an approach the marginal profit obtained would not have exceeded about 15 percent disregarding the overhead cost. But the economic inefficiency of the unregulated urban sprawl should be accorded due attention. Besides, attention is not given to address the low-income group who can not afford to pay the fees.

On the other, as it is illustrated on the table the peasant is being a victim of urban sprawl. The amount of money compensated does not sustainably support their destitute life. Thus the city is growing at the expense of the peasant living on the urban fringe. From the interview it is learned, for instance, that a peasant will be provided residential land up to 500 square meters, along with the estimated money for the rest of his properties, if and only if his house is incorporated within the land under consideration. If it is only farming land money will be compensated, but not residential plot of land.

### 3.3. Land Delivery in the Rent and Lease System

#### 3.3.1. Land Delivery in the Rent System

##### 3.3.1.1 An overview of Socio- economic Status of the Allotted and the Un Allotted House holds

As it has been mentioned in the introductory part, from the selected 207 households it was 178 allotted households that were covered by the survey. It was owing to the fact that 29 plots were vacant during the survey; and hence it was found difficult to trace the owners. From the 178 households about 83 percent were male headed. As far as their marital status is concerned 83.1 percent are married while 7.3, 4.5 and 5.1 are single, divorced and widowed, respectively.

The survey result shows that the age of the household heads and income of the households predominantly are in the age group of 35-39 (about 31 percent) and in the income group of 651-1000 (about 46 percent) of the households, respectively. The frequency distribution of the age and income group of households decline as one go to the left and right sides of the aforementioned age and income groups. For instance, age group of 20-24 constitutes 0.6 percent of the household heads, while above 64 constitutes 2.3 percent. In like manners, income group below 235 birr comprises 3.9 percent, and above 4000 birr constitutes 0.6 percent.

As the data depicts about 65 percent of the household heads are government employees followed by self employed and unemployed that constitutes 18.5 and 10.1 percent in the same respective order. According to the survey there are no remarkable employees in the Non-Governmental and Private sector firms. About 0.6 percent of the household heads live abroad. The unemployed; and those with incomes below 235 birr are predominantly retired households that are pensioned, who are engaged in informal business; and generate certain income by renting their houses.

Concerning the unallocated households (the applicants who are waiting for the allocation of residential land) from the surveyed 48 households it is found that alike the allotted households these applicants are male dominated, constituting 64.6 percent. However, a decline is noticed in its proportion as compared to the already allotted households. In the rest of the socio-economic characteristics of the households no much difference is noted. The income distribution and the distribution in the age group at most follow the same pattern. It is worth noting, in fact, that the highest percentage with a value of about 27 percent is marked in the age group of 30-34. As regards the income group, because there are employees of International Livestock Research Institute a rise in value for income group above 4000 has been noted with a value of 4.17 percent. Concerning the occupation and marital status, alike the allotted households government employees and married households predominate with some variation in their values.

Thus it is possible to infer that the status of the allotted households and those who are waiting for the allocation are more or less the same. The economic base of the city may be said to be administration function; and thus the municipality has been allocating more residential land for government employees. In both cases, i.e. the allotted and unallocated, the income of the households predominantly fall in the income group of 651-1000, with a value of about 46 and 33 percent, respectively; which is the reflection of the dominance of government employees.

For instance, in the case of allotted households about 71 percent of their income is below 1000 birr. In this regard the study made by Adama Master Plan Office on the income distribution of the employees of Oromia found out that 66 percent of employees' salary is below 1000 birr (MWUD, 2006b).

Looking into the proportion of government employees by year, in the allocations of year 2003/4 and 2004/5 about 66 and 69 percent of the

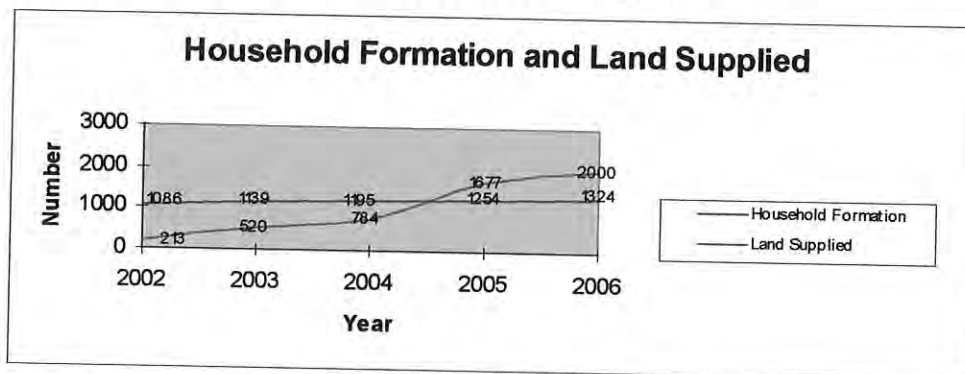
allotted households are found to be government employees. The same holds true in the allocation of years 2005/6, as the government employees constitute more than 52 percent of the households.

From the survey result it is also possible to infer that the demand for residential land is higher in the case of married household heads than the single; and the devotion to build own house would relatively be higher. It is an open secret that renting from the private renters will not be conducive for those who have formed their family, thus they usually spend much of their time, energy and money to have their own house.

### 3.3.1.2. The Situation of Land Allocation

The residential land supply has been showing increasing trend over the years. It is particularly true after the reformation of the city i.e. the fiscal year 2002/3. As the graph below illustrates the supply has been growing with a rate ranging from 75.05-144.13 percent, for the years considered on the graph, with an average growth rate of 102.49 percent.

**Figure 1: Household Formation and Land Supplied.**



On the other hand, the household formation in the city, which is estimated based on the population forecast of CSA's statistical abstract of 2005 is much higher than the land production in the years 2002-2004 (The years are adjusted to GC to comply with CSA's population forecast).

For the analytical purpose it is assumed that the household size of 1994 remained constant, which is 4.65; and the difference between the total numbers of households of each of the consecutive years under consideration are deemed the households formation for each of the years. Thus the household formation exceeds the land delivery (irrespective of resolving other housing problems, which will be discussed here below) with about 410%, 119% and 52% for the years 2002, 2003 and 2004 in the same respective order, with an average of about 194 percent. The situation, however, reversed after 2004.

It is worth mentioning that the year marked as 2006 is for the fiscal year 2006/7; and for the mentioned year the municipality has planned to raise the residential land production to 2000, which seems practical as compared to the current trends and strategies employed in compensating the peasants. Thus for the two years the supply exceeds the households formation with an average of 43 percent. This would give rise to a gap of 151 percent (as compared to the years for which land is under produced), which is meant by the land supply is lagging behind the household formation by 151 percent or the household formation exceeds the land production by the stipulated percent, in the years land was under produced. In terms of residential land it would be a discrepancy of 161 plots, per annum, for the years under consideration (i.e. 2002-2006).

This has been analyzed further, in terms of resolving the housing problems of the city (assuming 10 years of housing program of which the five years under consideration are part of the program).



**Figure 2: Comparison of Supply and Demand**

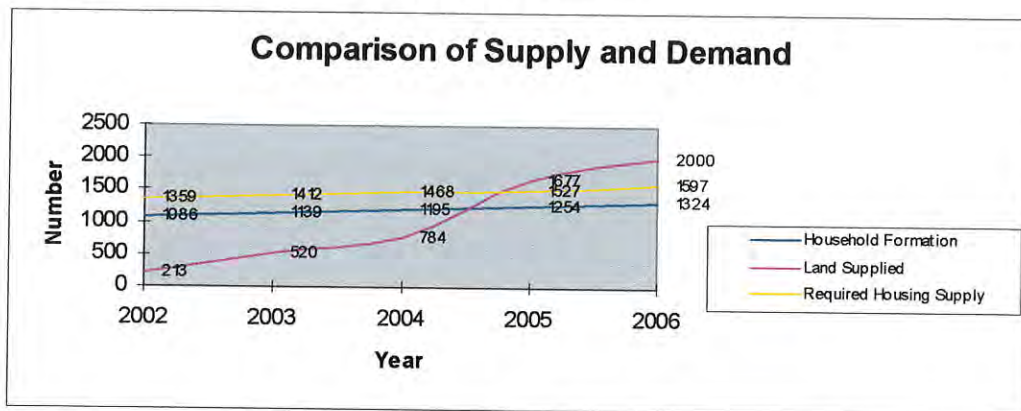


Figure 2 illustrates that the problem would be exacerbated if resolving overcrowding and replacement of old age housing units are considered on top of what has been analyzed. To look into the situation the following assumptions are employed, in addition to what has been set here above.

- Household to housing unit ratio of 1994 remained unchanged i.e. 1.04
- PADCO's survey result of 1995 that put housing units which were beyond repair at 3 percent is adopted. Thus out of the dwelling units of 1994 about 45 houses should have to be replaced each year, within the ten years.
- The gap between the household formation and the land production of the years under consideration would give rise to 161 plots, per year.
- To alleviate overcrowding (i.e. to attain one household per dwelling units), about 67 houses should be built per year within the ten years.

*Assumption of 1994 study Bushote's diff.*

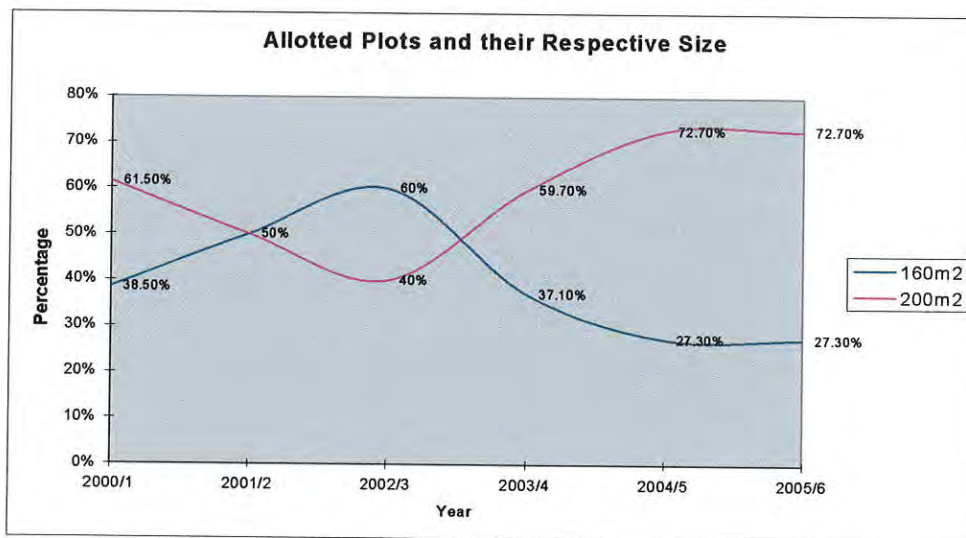
To achieve this, the municipality should have to produce more land. In fact, it should be noted that the estimation is made by taking into account the current trend of horizontal growth, and disregarding the land delivery in the lease regime and the inconsistent land supply for the construction of low-cost houses.

In Figure 2 it is elucidated that the municipality had produced more land in 2005 and probably can do the same in 2006 (i.e. the current fiscal year). In

the rest of the years the land delivery was by far lower than the housing requirement of the city with a range of 87-538 percent. The figure shows the extent of the scarcity for shelter in the city of Bishoftu. If the figures of this assumption are compared to that of MWUD, 2006b, which set the required annual housing production of the city at 1268, per annum, the latter would by far be lower than what is estimated here above.

As far as the size of the allotted plots is concerned the municipality provides and delivers plots of 160 and 200 square meter, as a standard, however, rarely 180 square meters are delivered when a pocket site of this size is readily available. According to the interview made with an official of the municipality it is learned that there is a tendency of delivering predominantly a plot size of 160 than 200 square meters; and a plan to reduce the size to 120 square meters, in the near future. Yet the survey result shows there is no defined pattern that shows this intention of reducing the size from 200 to 160 square meters.

**Figure 3 Illustrates Allotted Plots and their Respective Size**



As the graph shows the trend has no pattern; and in the last three years (i.e. form 2003/4-2005/6) the supplied residential land of 200 square meter

has generally out numbered the 160 square meter, constituting 59.7, 72.7 and 72.7 percent of the surveyed plots.

On the other hand, in this study effort was made to look into the composition of the allotted households concerning whether they are from the city or other places. Accordingly the survey data elucidates that 93.3, 4.5 and 2.2 percent of the total surveyed households are from the city, other urban and rural, in the same respective order. Such an analysis would help to evaluate to what extent the municipality accorded priority to the city residents in the delivery of residential land. It is quite common in the city of Bishoftu that there is significant number of people who commute from Addis Ababa. Thus those marked as "other urban" presumably be the commuters who moved their family upon completion of their houses. The data further shows that those marked as rural are at most the peasants on the urban fringe that are engulfed by the growth of the city.

#### **3.3.1.3 Level of Construction and Occupancy of the Houses**

During the survey effort was made to identify the level of construction of the houses and their occupancy, since it can partly tell the tendency for speculation of land. This is not meant to deny the major problem prevailing with regard to the affordability of the households that influence completion of the houses. According to the survey result obtained from the 207 plots the main houses constituting about 69,38,20 and 26 percent were found completed for the years under consideration namely 2000/1, 2001/2, 2002/3 and 2003/4 respectively. For the year 2004/5 because the allotment was made a year ago the main house was not completed in any of the plot.

From the total surveyed plots main houses are completed on 15.9 percent of the plots, while 44.5 and 39.6 are under construction and vacant (including

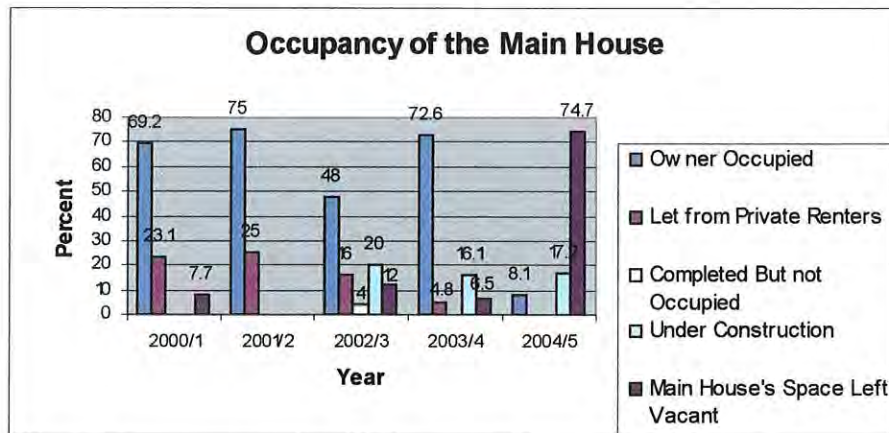
the 29 plots) in the same respective order. It is interesting to note that the 29 plots, which are found totally vacant, do belong to the allocation of the stipulated year. On the rest of the plots of each of the years there were main houses under construction and left open (for which their place is left vacant).

Based on the physical observation and assessment made on the way the households live on the expansion areas the main house is deemed completed if the doors and windows are fixed and glazing works are completed. These elements are used as criteria due to the fact that significant numbers of the households live in the main houses for which finishing works were not completed including glazing. They used to cover the openings left for glazing with plastics. Thus, this has helped, by and large, to ease and simplify the survey and enabled to achieve the desired objective of the study.

For the service quarter as well the survey result shows the same feature. There are completed and under construction service quarters and vacant places up on which the service quarter is expected to stand. For instance the value for the completed service quarter ranges from 7.1 to 30.7 percent, for each of the years.

Compared with the occupancy of the main houses it is found that significant number of the households live in the houses for which finishing work is not completed. On the diagram below it is illustrated that the percentage of the main houses occupied exceeds that of completed.

**Figure 4: Occupancy of the Main House**



For the year 2000/1, 2001/2, 2002/3, 2003/4 and 2004/5 about 69.2, 75, 48, 72.6 and 74.7 percent of the main houses are occupied, respectively by both the owner-builder and those who let from the private renters. Moreover, it is also noticed that the occupancy by the owner-builder takes the lion's share in each of the year. This is justified by the fact that the analysis made on the 207 plots depicts that 38.6 percent of the houses are owner occupied. Whilst 5.8, 15.5 and 0.5 percent are occupied by the households let from private renters; houses under construction (not occupied) and completed but not yet occupied, respectively.

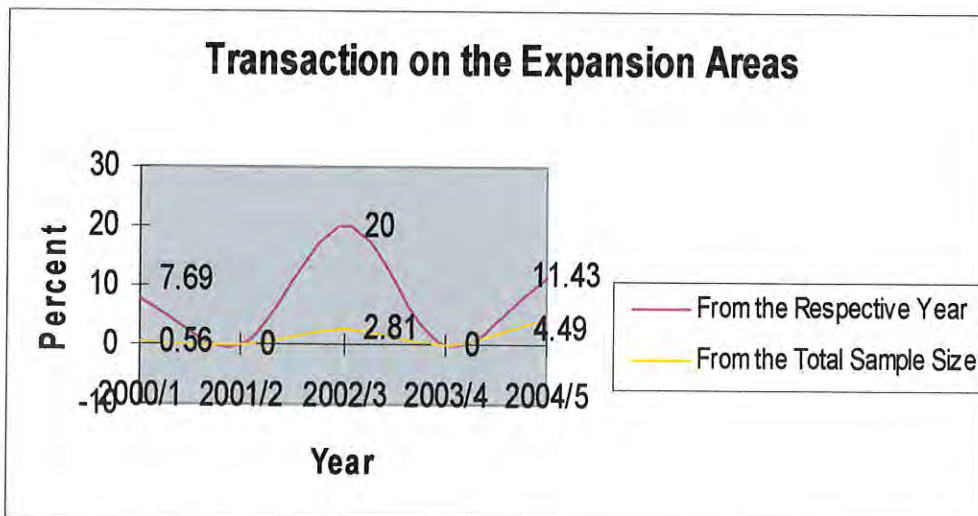
Since the owner-builders predominantly occupy the houses, significant number of households live in uncompleted houses; and more houses are under construction the situation indicate the existence of acute shelter problem and the low level of tendency for speculation. This can be explained further by the proportion that from the 207 plots the main houses are completed and under construction on 60.4 percent of the plots and only 14.01 percent (29 in number) of the plots are totally vacant. As regards the service quarter 58 percent are completed and under construction; and 42 percent are left vacant.

Looking into the situation, by year, the problem of speculation and hoarding might appear on the allocation of 2004/5 (i.e. in kebele 12), as significant

number of the households are not happy with the location of the plots. In addition to this the totally vacant plots accounting for 29, in number, were allocated in the aforementioned year, and this would make them more susceptible for speculation or might be held under hoarding.

The extent of transaction on the expansion areas is another dimension that can better explain the situation concerning speculation. As it is illustrated in figure 5, although, there is an increasing trend the level of transaction is very low in the case of the years under consideration. From the 178 plots 0.56, 2.81 and 4.49 percent of the plots are sold in the years 2000/1, 2001/2 and 2004/5, respectively.

**Figure 5: Trend of Transaction on the Expansion Areas**



In the rest of the years transaction was not made. If one calculates the transaction from the respective years it would be 7.69, 20 and 11.43 percent of the allotted plots with in the respective years.

It is an open secret that the households, some times, sell their plots because they do not like its location. Nevertheless there might be implicit need to gain financial benefit. For instance, from the allocation of year 2003/4 (i.e. in kebele 01) no households sold their plot owing to the fact that they are satisfied with its location, among others. Reversibly, from the allotment of

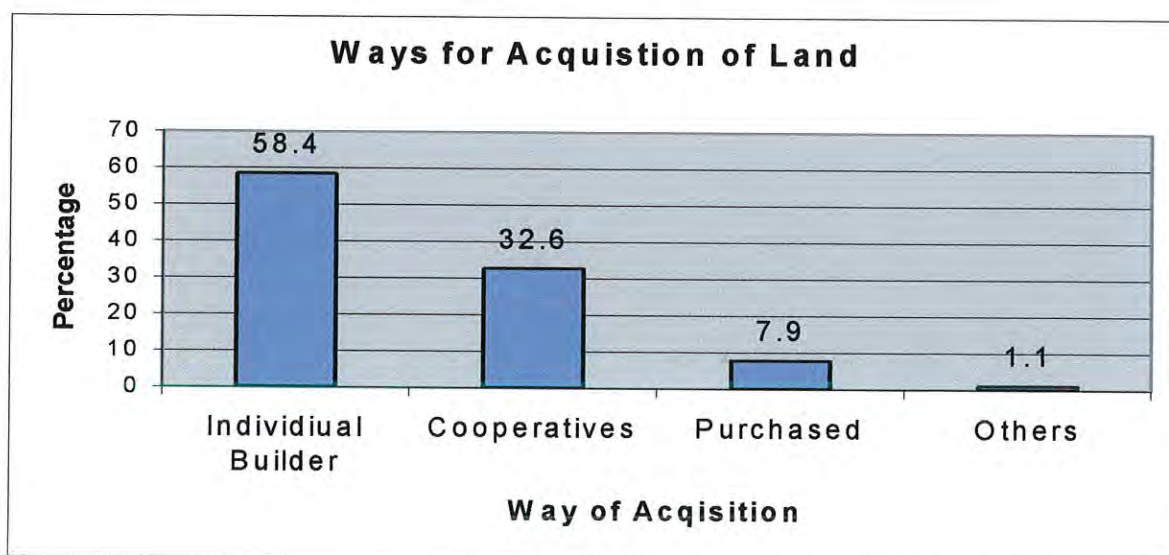
2004/5, 11.43 percent of the plots are put in to the land market, with in a year. Thus this will justify that the intension for speculation is minimal over the years under consideration, however, it could be said that there is a general increasing trend of transaction, which can partly tell the stated low level of speculation.

It is worth mentioning that the municipal official has stated that the number of people coming to the municipality to expedite the land they have transacted has been increasing; and he has the suspect that this would be related to the speculation on the expansion areas. Nevertheless the study result does not justify what has been said. Thus the transaction might be at the core and intermediate parts of the city than the expansion areas.

#### 3.3.1.4 Access to land

According to the survey made on the 178 plots about 58 percent of the households are allotted as individual builder followed by cooperatives, which constitutes about 33 percent of the allotted households. As figure 6 shows 7.9 percent of the land were acquired through transaction made on the expansion areas, while about 1 percent is the land delivered to the peasants engulfed by the urban sprawl.

**Figure 6: Ways for Acquisition of Land**

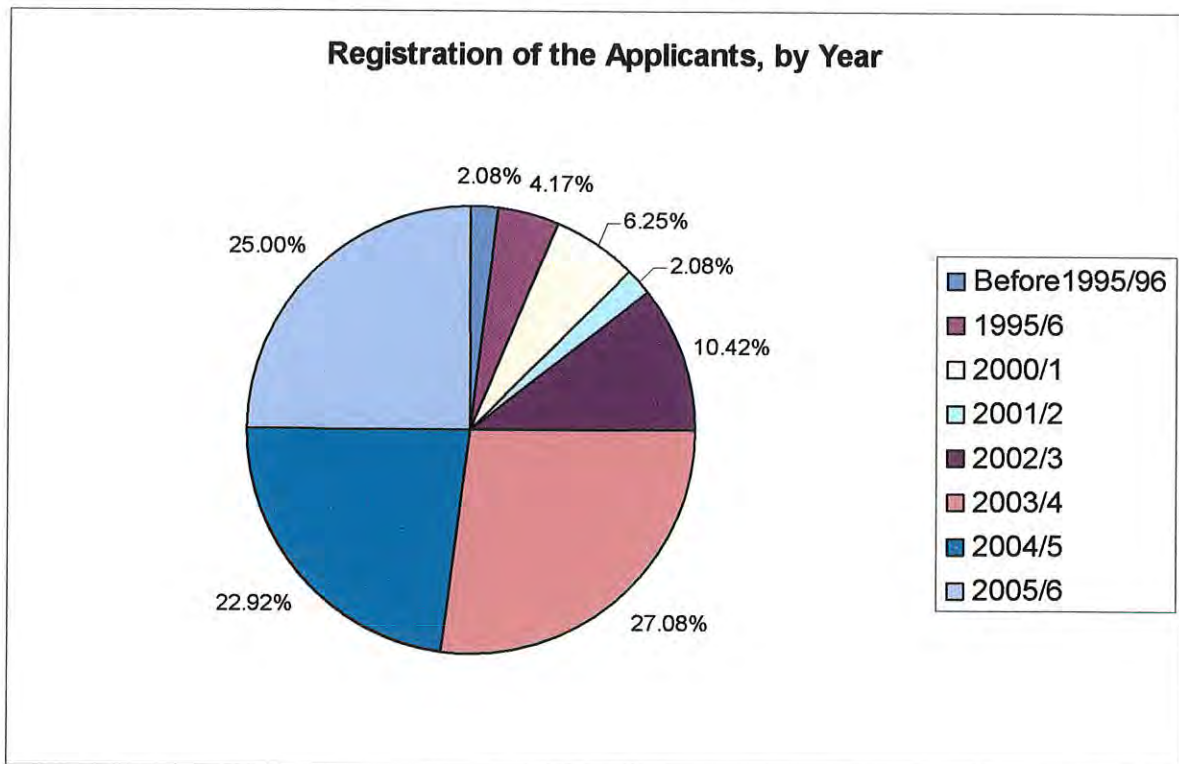


If one looks into the annual variation in the way households are allotted it has been noted for instance, that all the households allotted in 2003/4 are individual builders. In the next fiscal year (i.e. 2004/5), however, about 56 percent of the allotted households are those organized in cooperatives. It might be due to the fact that in the same year, the regional government had issued a decree to prioritize cooperatives in the supply of residential land (MoFA, 2005).

According to PADCO, 1996 the Derg Regime had been supporting cooperatives of housing by providing subsidized land, infrastructure, building materials and housing finance. Solomon, 1994 also stated that the economic policy of Transitional Government of Ethiopia (TGE) gives emphasis to supporting cooperatives. Nevertheless, no remarkable effort is noticed in the city of Bishoftu, except what has been noted above.

In the case of the households who have got registered and been waiting for the allocation, the survey result depicts that 66.7 percent have applied to the municipality through cooperatives, which seems the residents are informed about the decree; and about 27 percent are individual builder. Due to the intense shelter problem, about 6 percent of them have got registered in both ways. Looking in to the profile of the years in which they formally applied to the municipality, in the pie chart below, it is illustrated that there are applicants who have been waiting for the chance for more than a decade, constituting about 2 percent.

**Figure 7 Elucidates Registration of the Applicants, by Year**



This tells that the municipality has no any special consideration for the earlier applicants, on the one hand, and it is less responsive to the demand on the other. The same thing holds true in the case of the allotted households. About 31.6 percent of the allotted households are those registered in 2001/2 and the households registered before 2000/1 constitutes 19 percent of the allotted households (This include those registered before 1995/6).

### 3.3.1.5. Procedural Matters in the Land Allocation

For the land allocation the municipality usually posts a notice for the residents specifying the prerequisites that qualify the applicants for the registration (the prerequisites are discussed in the foregoing part). Those who fulfill the requirements will officially apply to the Planning and Land Administration Department of the municipality. The department directs the application to the finance department to charge them the 100 birr,

registration fee. Then the applicants will be registered at the land administration section of the department. Then after when the tasks of parcelation are accomplished; and the residential plots are ready for the lottery official calling will be made for the applicants.

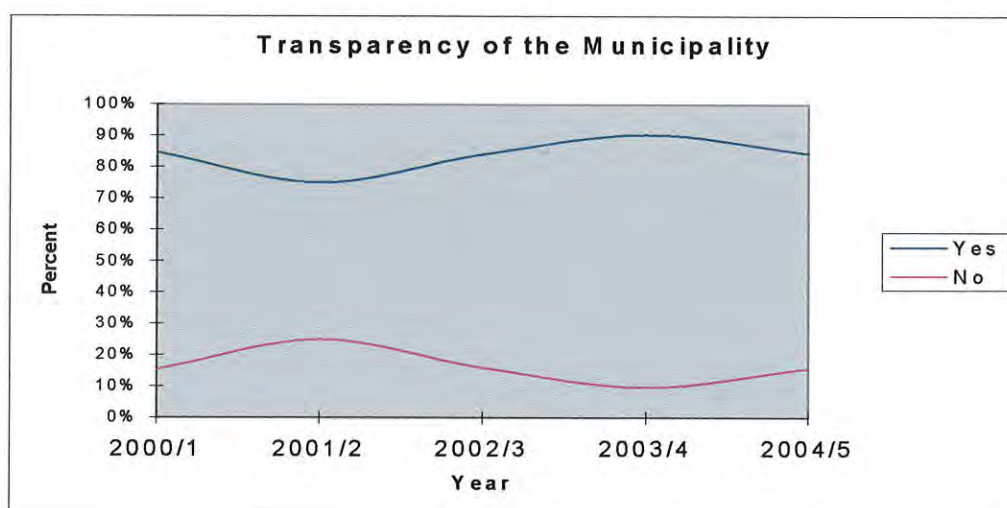
Unlike, before the reformation, the current procedures relatively seems a simplified one. With regard to the years, before the reformation, some of the informants tell that it was highly messed up, and still the effects of the then system has been influencing the land delivery system. For instance, as it has been discussed there is no waiting list in the municipality. Thus the municipality does not know clearly the number of people waiting for the land allocation. This problem is exacerbated by the fact that there is high staff turn over, which has been affecting the institutional memory of the municipality. Most of the technical personnel do not know what was done in the past.

When the municipality intends to allocate residential land it will make an official calling, so the applicants will register again presenting the receipt received up on paying the registration fee, other wise the municipality does not have any filing system. It is also worth mentioning that some of the applicants do not specify the size of the plot they want to register for. It is particularly true after the money deposition requirement is revoked. As a result the applicants will be called for the lottery regardless of the size of the plot they are registered for. For instance, the survey made on the un allotted households elucidates that about 56 percent of the house holds have applied with out stating the plot size and they are ready to collect what the municipality offers them. It is found that about 31 percent have applied for plots of 200 square meters while about 13 percent have got registered for plots of 160 square meters.

Nevertheless not significant the effect of this has been noted on the allotted households. The analysis made on the collected data depicts that about 1 percent of the households received residential land irrespective of the size they were registered for. The percentage is low due to the fact that the years under consideration are mostly part of the years for which the money deposition was being required, which predetermines the plot size.

As part of the study effort was made to assess the opinion of both the allotted and the waiting people concerning whether the municipality is transparent enough or not in the land delivery system. As the graph below illustrates there is a general trend of improvement from the point of view of the allotted people.

**Figure 8: Transparency of the Municipality**



It is particularly true after the reformation, except for some dissatisfaction noticed in the year 2004/5, which might partly stem from unhappiness about the location of the allotted land. These households have reported that, among others, the municipality is highly bureaucratized, for instance, some complained that they have not collected title deed and house plan; officials and other staff are not available in the office, file would frequently be displaced, there is a discrimination, and inadequate man power. In spite

of this 86 percent have appreciated while 14 percent are still unhappy about the municipality.

As opposed to this the unallocated households are very much against the land delivery system. Thus about 83 percent reported that the municipality is not transparent enough and about 17 percent appreciated the improvement. From their point of view this group complains about discrimination. In this regard they substantiate their argument by presenting a case in which a person whom they are acquainted with, and has got registered on the same date, has been allotted the land even without entering into the lottery. Whereas according to their complaint on their part they were not even allowed to enter the lottery. The others complained that the municipality is very disorganized and there are frequent meetings and poor leadership quality, among others.

It is in fact discernible that the municipality is accountable to the city administration and the land supply is generally overruled by this entity. According to the assessment made in most of the years, in the land allocation, some households have been allotted with a special privilege, and hence they have been allotted against the first come first served principle. For instance, in the allocation of year 2005/6 more than 75 officials and office workers of various status have been allotted even without entering the lottery. The cumulative effect of this, over the years, can result in keeping many households away from getting access to residential land.

Apart from this, when the applicants are about to draw the lottery the municipality would not allow them to choose about the location of the sites. As a result 45.7 of the allotted households of year 2004/5, are dissatisfied about the location of the allotted land, for instance. They complained that the site is far from the city center, necessary amenities and infrastructure are non-existent; and it is in the opposite direction to the future physical

growth direction of the city. In the rest of the years, because the expansion areas were not far distant from the city center and they were in the desirable direction much complaint has not been reported.

### ***3.3.2. Residential Land Supply in the Lease Regime***

#### **3.3.2.1 An Overview of the Socio-Economic Status of the Households**

The number of plots covered with the survey in the lease regime is 15. Out of these 2 plots were found totally vacant (no structure of the main house and service quarter). The survey made on the households shows that male headed households constitutes 69.2 percent. About 92 percent of the households are married. The single household accounts for about 8 percent, and there are no divorced and widowed households found in this regime.

The occupation by type of the households is dominated by self-employed accounting to 84.6 percent and the government employees made 15.4 percent of the households. About 77 percent of the households are earning more than four thousand birr followed by about 15 percent earning 1501-2000. The lowest income group reported is in between 1001-1500 forming about 8 percent. The age distribution is also a bit skewed to the upper age group as compared to households of the rent system. For instance, the highest frequency is noted in the age group of 50-54 with the value of 30.7 percent.

It is worth mentioning that the socio-economic profile of households in the lease regime is relatively a bit different from what has been seen in the rent system. It is particularly true in the case of their occupation and income distribution. These might be among the basic factors that made the households to prefer the lease regime than the rent system, since their level

of affordability is higher than the households in the rent system, among others.

### 3.3.2.2 The Situation in the Land Allocation

The land delivery in the lease system is not consistent. As the following table shows, despite the general increasing trend it lacks consistency. In the year 2003/4 land delivery in the lease regime was banned as a result of the fact that the regional government was trying to revise the lease rate and the plot size of the system. Then after, except in some of the rare cases the size has been reduced to 250 square meters.

Table 9: Land Supply in the Lease Regime

Year	Number of Allotted Plots	Total Areas of the plots	Min.Size Allotted	Max.Size Allotted	Average Size
2000/1	11	5415	350	688	492
2001/2	1	500 <sup>1</sup>	500	500	500
2002/3	26	13264	340	838	510
2003/4	-	-	-	-	-
2004/5	160	40000	250	250	250
2005/6	12	N/A	250	525	N/A

Source: Municipality of Bishoftu

N/A: For which data are not available

According to the information obtained from the municipality the regional government was forced to revise the size owing to the fact that about 600 people have applied for plot size of 500 square meter and above in the year 2002/3.

Within the years shown in table 9, totally 210 plots or 35 plots per annum were supplied with an average size of about 299 square meters, excluding the delivery of year 2005/6, for the latter. The figure shows that the supply, per annum, is very minimal specially if one compares with the prevailing scarce housing supply for the city. It is a common knowledge, in fact, that

the classes of the houses being produced in this area are for the high-income group. But without doubt it would contribute to alleviate housing problem, as it creates upward movement of various income groups.

The analysis made as regards the way the households got access to land shows that 76.9 percent are allotted, while 23.1 percent of the households acquired through purchase. This shows the existence of speculation in the lease regime, and this will be elaborated further in the parts to follow.

Concerning the transparency of the municipality about 77 percent appreciated the performance of the municipality while the rest have presented their complaint such as poor quality of leadership, discrimination, and the process is time taking. In this regard from the discussion made it is learned that the price offered by the leasee, after being evaluated by the city level investment committee, would be sent to the regional investment board, for the approval.

#### **3.3.2.3 Level of Construction and Occupancy of the Houses**

Survey made on the plots depicts that on 26.7 and 13.3 percent of the plots the main houses are completed and under construction, respectively. On 60 percent of the plots places apportioned for the construction of the main house are left open (The analysis includes the two encountered vacant plots). It is worth noting that on the sites allotted in the lease regime most of the main houses are "G plus". This, however, does not mean that all have no service quarter at the back. The survey result depicts that 23.1 percent of the service quarters are completed while 53.8 and 23.1 percent of the plots are under construction and vacant, respectively. From the completed main houses 75 percent are occupied by the owner-builder and 25 percent by the households let from private renters.

Those who are from Addis Ababa have reported that they are attracted to the city because of its weather condition and thus to have summer house. Some relate with their health condition, and others are attracted by the cheap lease rate, among others. On the other hand, those who live abroad have a plan to own in a less congested city, like Bishoftu, for their retirement period. Municipal staff reinforced the idea that both preferred the city because it is at a close distance to the capital city and connected with a better standard road, among others.

In addition to this the current investment boom appearing in the city and its surrounding areas in the sub sectors of industries; and flower have been contributing for the increase in the demand for housing. It is due to the fact that various income group including foreigners are coming to the city. Thus this has been attracting some of the private sectors to build residential houses with the lease regime.

Those who are from the city reported that they enjoy the city as a place of residence, though, the municipal staff have a doubt about it. According to them these individuals occupied the land with a certain degree of speculation.

The sum of completed and under construction of service quarter (disregarding the places of service quarter left open) would give rise to about 77 percent, which again imply the tendency for hoarding. This can be justified further by the proportion of the main houses, which are completed and under construction altogether accounting for 40 percent. Comparison of the two values underlines that construction of dwelling units in the lease regime is dominated by service quarter than the main house. This is not commendable given that 61.5 percent of the owners are from other urban (who live in Addis Ababa and abroad) and are better off. Those from the city constitute only 38.5 percent of the households.

TO sum up the discussion it would be faire to classify the housing development of the lease regime into three categories. The first one could be those who are genuine and are living in the house they owned. The second group would be those who have the plan to own extra house either to use it as a source of income or preserve it for future date. The third are speculators and hoarders. It would then be possible to infer that the latter two constitute the lion's share in the lease regime as about 23 percent of the plots have already been sold.

#### **3.3.2.4 Money Value of the Allotted Land**

The lease rate in the city of Bishoftu up until very recently was low. According to the data obtained from the municipality for instance in between the years 2000/1-2002/3 residential lands were sold with in the range of 2.5-4.80 birr, per square meter. Within these years 87 percent of the plots were sold at a rate of 3.80 birr. Interestingly as it has been partly discussed in the foregoing part the rate was again revised and has been raised with decree No. 4/1996 E.C, as cited in MoFA, 2005. According to the decree a land in grade one, having a size up to 500 square meter was raised from 0.2 to 0.96 birr, per square meter. As opposed to this during the same year the municipality was ordered to reduce the rate for those who have already purchased land from the municipality (Information obtained from the municipality).

It was very recently the lease rate has relativity been raised during the auction held in the fiscal year 2005/6. Accordingly it was sold at a range of 16 to 31 birr, per square meter. It is worth mentioning that in all the years the grade of the land has not impacted the price of the land, during the auctions. However, some of the lands were from grade two.

As regards to the lease period, for instance, in between year 2000/1-2002/3 about 63 percent of the land was sold for a lease period of 35 years; with a range of 20 to 90 years for the rest of the plots. Concerning the money value of the land that has been sold in the city a study made by MoFA, 2005 emphasized that the present value of the money that will be collected would be much lower than the total value.

Table 10: Present Value of the Money to be Collected by the Municipality

Case	Lease Rent m <sup>2</sup> /yr	Lease period in yrs	Down payment (% of TV)	Repaym ent period in years	Disco unt rate (%)	Present value (PV)	Total Value (TV)	PV as % of TV
One m <sup>2</sup> residential (permit)								
Discounted for inflation	0.2	Infinite	0.0	150	5.0	4.0	30	13.3
Discounted by market interest	0.2	Infinite	0.0	150	8.0	2.5	30	8.3
One m <sup>2</sup> residential (lease)								
Discounted for inflation	0.92	99	0.0	99	5.0	18.3	91.08	20.0
Discounted by market interest	0.92	99	0.0	99	8.0	11.5	91.08	12.6

Source: MoFA, 2005

As it is illustrated on the table to calculate the amount of money the municipality collects, in real term, it would be a sine qua none to calculate it in terms of discounting rate. As it is discounted with the inflation rate and cost of capital the present value of the money will dramatically be reduced. For instance, in the lease regime when it is discounted by the market interest the present value would be 12.6 percent of the total value. The same thing holds true in the case of rent system. Needless to mention that

the present value will accordingly increase when ever higher down payments are made.

It is worth noting that things are not as it was assumed in the promulgation of various legislations among which states that lease system help the municipality to generate more income, and hence enables the municipality to provide the necessary infrastructure and services. As can be seen the municipality is working at a loss, in the sense of long term effect.

MoFA, 2005 states that the legislation underlines that annual lease payments are to rise over time to reflect the “bank rate”, but this rate is not defined and the stipulation is not currently applied, thus annual payments are uniform through out payment periods.

As it is mentioned here above because the municipality is ordered with a retroactive regulation to reduce the rate of lease payments, for the sold lands, it could not collect annual payment. It is owing to the fact that in accordance to the new regulation what the leasee have paid is in excess and thus will be taken into consideration for some of the forth coming years.

### ***3.3.2. Inadequate Enforcement of Building Permit Regulation***

Concerning the enforcement of building permit it would be fair to say that the municipality has not been consistently controlling the residential land allocated to the residents in general and the construction of the houses in particular. The design of the housing units is made with hollow concrete blocs, for the construction of the houses, however, the households construct with the material that suit them, including chicka. As it is illustrated in table 11 the dimensions of the plots are two types, for both of the plot sizes.

**Table 11 Illustrates Plot Dimensions and Floor Area of the Houses**

Plot size	Plot Dimension	Floor area of the main house	Floor area of the service	Cost estimate of the house
160m <sup>2</sup>	(10x16) or (8x20)	30.25 m <sup>2</sup>	24-30 m <sup>2</sup>	92720
200 m <sup>2</sup>	(10x20) or (16x12.5)	66.4 m <sup>2</sup>	30 m <sup>2</sup>	115900

**Source: municipality of Bishoftu**

As far as the plot coverage of the two plots are concerned (i.e. building foot print to the area of the plot) the figures showed on the table would be translated in to about 34 to 38, and 48 percent for the plot size of 160 and 200 square meters, respectively. This figure is a little bit higher than the value set, which is about 33 percent.

It is infrequent that the allocated households change the design of the houses. In fact, there is no control from the side of the municipality. The municipal building permit set nine months for the commencement of the construction of the houses from the date of handing over of the plots to the residents. From the discussion held with municipal staff and officials it is understood that because the municipality has no adequate manpower it is found difficult to strictly enforce the regulation. However, in 2004/5 a measure was taken and the municipality regained control over the plots of the allotment of 2003/4. These plots of land were reallocated in the year 2004/5 for the people waiting for the land allocation. Because the land administration system of the municipality is not computer aided it has been facing big challenge to control speculators.

As it has been stated the municipality requires the applicants to present evidence of not having residential land and house from the kebeles. However this will not be that much dependable to consider it as a reliable testimony. It is amazing that the municipality has accorded a mandate for the government offices to screen the households that have won the lottery of the quota system (for the allotment of 2005/6) in their respective offices.

Thus the weak and inconsistent enforcement of building permit's regulation might have made the households reluctant to construct their houses or might have encouraged speculation and hoarding. It is worth to note that the predominance of chika houses extensively appearing on the expansion areas may probably create problems to the occupants.

### **3.4 Preparation of Defective Urban Plan**

#### *3.4.1 Outdated Base Map*

As it is discussed in the foregoing part the base map of the city was not fully updated. Because the orthophoto was outdated and not clear effort was only made to update the envisaged expansion areas. Thus the development plan the preparation of which started in 1997 and was completed in 1999 (however, handed over to the city on April 2000) was prepared on the partially updated base map of 1969 (NUPI, 1999).

As a result of this during implementation of the plan the following problems have been encountered by the municipality:-

- i. It has been observed that some of the existing settlements were not updated on the base map. By assuming these areas as a vacant space the plan proposed new residential areas, and other urban uses for the planning period.
- ii. Orientation and geographical location of some of the houses do not match with what is seen on the plan.
- iii. Some of the foot paths that appear on the plan do not exist on the ground
- iv. The location of some of the infrastructure such as rail way line and high tension line, including the towers shown on the map do not match with their geographical location on the ground.

- v. Existing settlements that were being administered by the city are not incorporated within the new boundary of the plan.
- vi. Triangulation points, which are very important for surveying work, do not exist on the ground.

It is therefore possible to estimate the adverse effect of these on the land management and supply of the city. As regards the problems stated in (i) and (v) it is quite obvious that one way or the other it would affect the land budget of the city. This is particularly true for the one mentioned in (i), as it reduces the amount of the estimated land budget of the planning period. According to the analysis made this area constitute about 31% of the newly proposed pure residential area. (i.e. the pure residential area estimated for the planning period is 187.02HA)

In like manner the rest of the encountered problems exacerbate the complication on the surveying works owing to the fact that the surveyors of the municipality could not have a reliable reference in each of the locality for the undertaking of surveying work. The surveyors, use reliable reference for the surveying works when triangulation points are not available in the surrounding areas (in fact this method would not have good accuracy but used in cases where the triangulation points are not available in the nearby) of the locality that need to be surveyed. Besides, because the vacant or occupied spaces on the ground do not match with what has been seen on the map, preparation of any detail plan is found difficult, requires extensive surveying work and is becoming time taking. The supply of residential land can therefore be impaired.

To sum up the discussion because the plan is prepared on obsolete base map it has been influencing the responsiveness of the municipality to the various land related demand posed from the side of the people. Especially the massive demand on land for residential purpose. This is in terms of,

among others, causing delay on land preparation, parcellation and allocation.

#### *3.4.2. Under Estimated Population Forecast and Backlog*

As it has been discussed in the literature part during the plan preparation effort was made by the planning team of NUPI to estimate the population of the base year, 1998 and that will be added to the city during the planning period. The planning period of the development plan of the city is 10 years and expected to phase out in 2008.

For the planning purpose the base year population was estimated at 82727 and that of 2008 was forecasted at 117395. Comparing the later with CSA, 2005 estimate for the city, which is 125000, it was lower by 6.48 percent. Interestingly the years are not on the same platform as the end of the planning period is 2008. The population growth trend assumed by CSA puts the population of 2008 at 144 404, which is higher than the forecast of NUPI by about 23 percent. Thus this difference significantly affects the land budget estimated by the proposed plan and the size of backlog (as it is linked to the population size). This is to mean that the proposed land uses of various categories in general and that of residential land in particular will be ruined out prior to the end of the planning period.

As it has been discussed earlier the plan preparation had taken a couple of years, and the city has collected the plan in 2000. Thus for the last six and half years the plan has been guiding the development of the city, and it is assumed that the planning period ends in July 2008.

This plan categorizes the proposed residential land into three groups. The first one is named pure residential land that amount to 187.02 hectares. The second is vacant land within the existing settlement, which was not

quantified. Third is categorized as a reserved; and has been codified ranging from SF<sub>7</sub> to SF<sub>10</sub> which denote their type of mixed use with residence; and this would amount to 97.35 hectares (for detail see table 12)

**Table 12 Illustrates Land Budget and Consumption**

Category of Proposed Residential Land	Proposed Size	Consumed %	Left%	Remark
Pure Residential Area	187.02	50.17	49.83	-
Vacant area within the existing settlements	N/A	N/A	N/A	About 58 hectares are wrongly proposed on existing settlements
Reserved area (proposed for mixed use)	97.35	12.41	87.59	-

**Source:** Computed from the plan documents by the author

N/A: For which data is not available.

The analysis made on the land use map and discussion made with technical staff elucidate that due to various reasons the municipality could not fully follow the zoning classifications assigned on the map. Among these, problems related to the proposal of the plan; and cost and lengthy process related with accomplishing compensation issues for the land occupied by the peasants are worth mentioning. As a result of this the municipality has been forced to use tracts of land from other zoning assignments. According to this 30.65 hectares which was designated for a cemetery has been reassigned and used for residential purpose. The municipality is obliged to change the zoning of this tract of land owing to the fact that the site is rocky and thus difficult to use for cemetery.

About 47.87 hectares was also used from a tract of land, which were proposed for other activities, under the category of reserved but with different codification. Thus within the last six and half years about 79 hectares of land has been used for residential purpose from tracts of land designated for other uses.

From the review of the planning document, however, it is learned that there is a mismatch between the written and graphic documents of the plan. As an effect about 284 hectares of residential land has been proposed on the map, disregarding the vacant spaces proposed for same function within the existing settlement. Even though from the written document it has been analyzed that the estimated additional housing requirement (i.e. 7168 housing unites) would be translated into 180 hectares of land. Thus, the 284 hectares of land exceeds the translated by about 58 percent.

The discussion made so far shows that housing requirement is under estimated, as the population forecast of the institute is by lower than what has been estimated by CSA. Furthermore, the plan document has not clearly quantified the backlog, which definitely puts the reliability of the study under question.

On the other hand, the study has no consistency, as there is a discrepancy between the written document and the map. It is in fact noted that more land has been designated for residential function than what has been translated from the housing requirement. Moreover, the tracts of land used for residential purpose, from other assignments, have also contributed to fill the gap of under estimated population forecast.

It is therefore fair to say that some of these elements such as excess plots of land proposed by the map and the reassigning of land, for residential purpose, from other designations have enabled the plan to serve for the years under consideration. Had these elements not been contributed to minimize the effect of under estimated population forecast the plan would have been ruined out prior to the end of the planning period.

### *3.4.3. Lack of Participation of Local Experts in the Plan Preparation*

In the context of Bishoftu's development plan preparation, because the institutional capacity of the then regional Bureau of Works and Urban Development and the municipality of the city did not allow them to undertake the study it was conducted by the then NUPI, later on renamed FUPI.

Owing to the location of the planning institute is at the center no local expert has participated in the plan preparation. They were only allowed during the stage of data collection and presentation of the proposal to representative of the general public and concerned authorities, which provided an opportunity for the local experts to participate in the discussion. To this effect:-

- The planning team could not have full information about the land, which helps in proposing future land use. For instance, the municipality reassigned a tract of land proposed for a cemetery, which was found to be rocky to residential land. Had the local experts participated this would have been tackled at the outset.
- The local experts could not have the whole idea of the planner reflected in the preparation of the plan. As a result during implementation they can misinterpret the notion of the plan. For instance, tracts of land proposed under reserved, which was codified to designate for other functions have intentionally been used for residential purpose. In fact the municipality decided to use the land for residential function owing to it is found at ease for allotment, among others.
- As it has been stated elsewhere in this paper residential land has been wrongly proposed on an area occupied by existing settlements. This would have been corrected at the out set, had the local experts participated through out the process of plan preparation.

- The local experts lack convincing power in lobbying investors and other clients when they pose demand on a land that is not compatible to what is proposed on the map. As an effect the technical staff may go for demanding reassignment of incompatible zoning that may affect the nearby envisaged residential area. In effect this will create lengthy bureaucracy and violate the plan.

The cumulative effects of this have been affecting residential land supply. In fact, the information obtained from the municipality shows that due to the aforementioned factors the amount of land allotted for residence has increased despite the amount of land lost as an effect of wrong proposition within the existing settlement. This is justified by the fact that about 79 hectares of land have been used for residential purpose from tracts of land designated for other functions.

### **3.5. The Absence of Clearly Defined Vertical and Horizontal Linkage Among Government Institutions**

#### ***3.5.1. The Effect to the Municipality of Being Ruled by the City Administration.***

According to the reformation the city of Bishoftu is expected to report directly to the Urban Development Support Service Branch. This branch is established, among others, to provide material and technical assistance, when requested by the cities; and assist cities to effectively take over their responsibilities particularly in the implementation of policies, laws and standards (MWUD, 2006e). From the organizational structure of the city administration it is learned that the city manager is accountable to the mayor, and he is also one of the members of mayor's committee. This shows that there is a dual accountability of the municipality namely to the City Administration and Urban Development Support Service Branch, at the region.

of infrastructure will be difficult. Interestingly the city of Bishoftu has not been experiencing provision of serviced land. Rather it provides and delivers virtually a raw land. It only paves earthen road upon parcellation of residential land. Extending water, electricity and Telephone services to the expansion area is not the responsibility of the municipality. According to the discussion held with the municipal staff it only provides streetlight to the major roads that cross the expansion areas, when conditions suit the municipality to do so.

The result of the survey made on the expansion areas of the year under consideration elucidates that there is a variation on the level of connection of houses to utility lines ranging from 2.9-96.8, 20-100 and 1.4-69.2 percent for water, electricity and telephone services, respectively. With an average of 49.9, 60 and 35.3 percent in the same respective order.

The minimum value is found on the sites allocated in the year 2004/5, which is the attribute for the spatial development trend in the expansion areas. As regards the telephone service the reasons why they are not having, for the surveyed population, varies following the year they are allotted. Those of the recent years particularly of 2004/5 mostly reported that they have not completed construction of the houses and the line is not either available. Whilst in the rest of the years they reported unaffordability, availability of mobile phone and risk aversion from the households who rented the houses (i.e. Those who have rented their private house do not want to have telephone service).

There are also houses that do not have their own electric meter. From the surveyed total houses 7.7, 16 and 4.8 percent of the houses, by year, use extended lines from their neighbors while for the rest of the years 100 percent of the houses are connected; and for the year 2004/5 no house has its own electric meter.

Extensive complaint is reported on the supply of water. Especially on the sites of 2004/5, as they are buying a barrel at 8 birr from Cheleleka Lake; and from neighbors with expensive rate. This in turn has negatively been affecting construction of the houses. Absence of well developed road; and means of transport are also one of the issues reported as complaint.

From the physical observation made on the expansion areas and discussion held with the municipal staff and the surveyed households it is understood that the municipality provides and delivers virtually raw land. Let alone the utility agencies, which are organized with in the institutional set up of the Federal Government the municipality has never made any sort of integrated planning with the office of Bishoftu's water supply, which is accountable to the city administration.

To this effect there is no evidence that the municipal residential land supply is constrained due to the lagging behind of utility agencies in planning or low capacity of the existing services to supply for the envisaged expansion areas. Thus residential land supply is constrained by the problems linked to institutional capacity of the municipality and complications surrounding eviction of peasants, among others.

### **3.6. Lack of Clearly Defined Regulation for Subdivision**

Under utilized urban land within the existing settlement areas is one of the basic factors constraining land supply in the city. From the assessment made on the city and review of planning documents it has been noticed that there are various governmental and non-governmental organizations and institutions that have occupied vast areas of land. It is worth mentioning that one of these organizations is agricultural research organization. It has occupied a vast area of land, which is under utilized. It is the opinion of the researcher, and off course, widely accepted by many planners that despite it's tremendous contribution in the agricultural sector such a land intensive

which is not commendable considering the scarcity of housing supply and size of urban poor that constitute majority of the urban population.

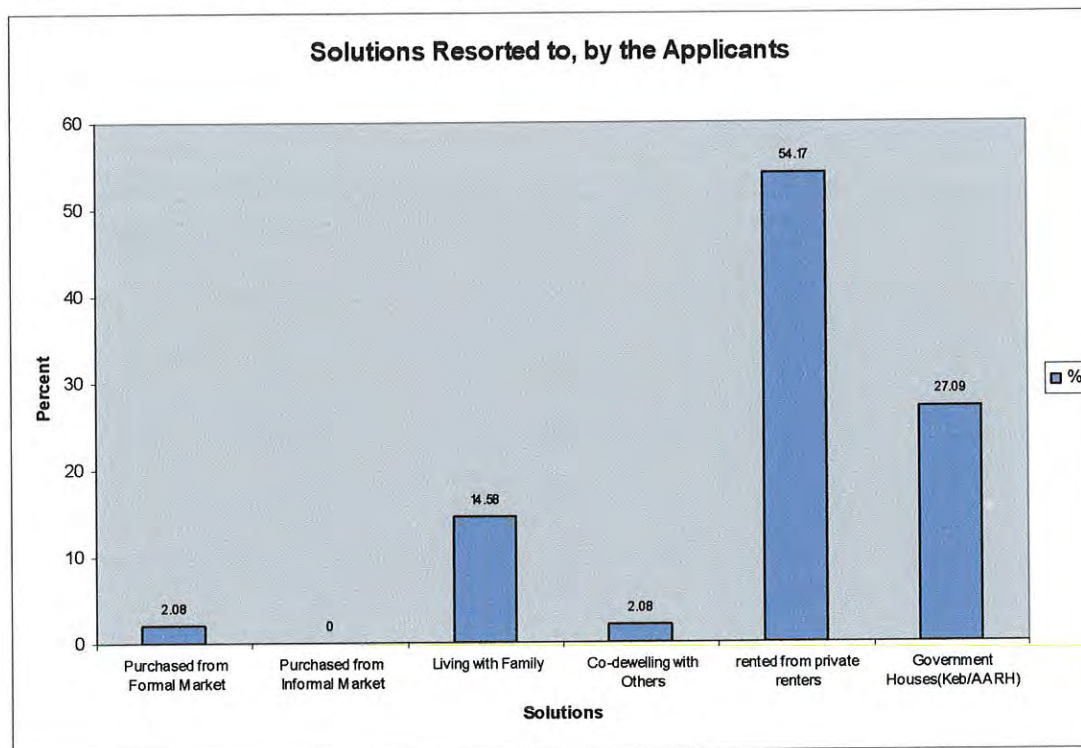
A crude estimate made by the consulting firm, hired by MWUD as regards to the quantity of housing units that should annually be produced for the city of Bishoftu puts it at 1268 units per annum (MWUD, 2006b). Not with standing this, the current trend shows that this has not been achieved, for most of the years under consideration, with the individual builders and cooperatives (see figure 1 and 2). Thus it is not possible to infer that households do have the chance to choose freely among different housing options and tenure (i.e. owning and renting), in the city. For instance, to have faire house rent rate and suitable accommodation the number of housing stock in a city should be 7 percent higher than the housing units required to accommodate the households. That is the balance between demand and supply is right when 7 in every 100 dwelling units are vacant (Blair Badcock, 2000). In fact this might be affected by cultural variation among different countries and localities.

400,000 birr (The size of this plot is 500m<sup>2</sup>). Informants tell that new allotment of 200m<sup>2</sup> (bare land) in kebele 01, which is reckoned as a prime area costs up to 70,000 birr. To the reverse in kebele 12 (the eastern tip of the city) newly allotted plots of same size costs 20,000 birr. It is important to note at this juncture that these prices are referring to the plots of land that some of the allocated households surreptitiously put onto the market with out constructing structure on it.

The prices show that the market price varies with localities; and the land supply is scarce, as the price of the bare land is quite expensive for the city under consideration. The study made by MoFA in 2005 in the expansion areas of Nazreth (Adama), for instance, found that for the same plot size the price of bare land ranges between sixty to seventy thousand birr. But the dynamism of Nazreth by far is greater than Bishoftu. In the case of Burayou town being part and parcell of Addis Ababa the price is not that much expensive. Particularly when it is compared with the distance of Bishoftu from the capital city.

Because the municipality could not adequately respond to their demand the applicants waiting for the tight lottery chance have been living in shelters that are not adequate; and some have resorted to their own solution. As regards the latter about 2 percent of the households have purchased land from the formal market.

**Figure9: Solutions Resorted to by the Applicants**



As it is illustrated in figure 8, 54.17 and 27.09 percent of the households have been living in the houses rented from the private renters and in government houses, respectively. Others are living with their family; and are co-dwelling with others. It would not be difficult to imagine the quality of the houses they live in for those rented kebele houses; and the soaring rate of rent for those let from the private renters.

As cited in PADCO, 1996 UN's maximum standard set for occupancy is 2.5 persons, per room. If this is compared against the situation which the households live in co-dwelling, with their family, in government houses and let from private renters without doubt it would be higher than the set figure. For instance, comparing the estimated household formation to the land supplied, within the years under consideration, the household to housing unit ratio of 1994, which was 1.04 has raised to 1.16 (as computed from figure 1).

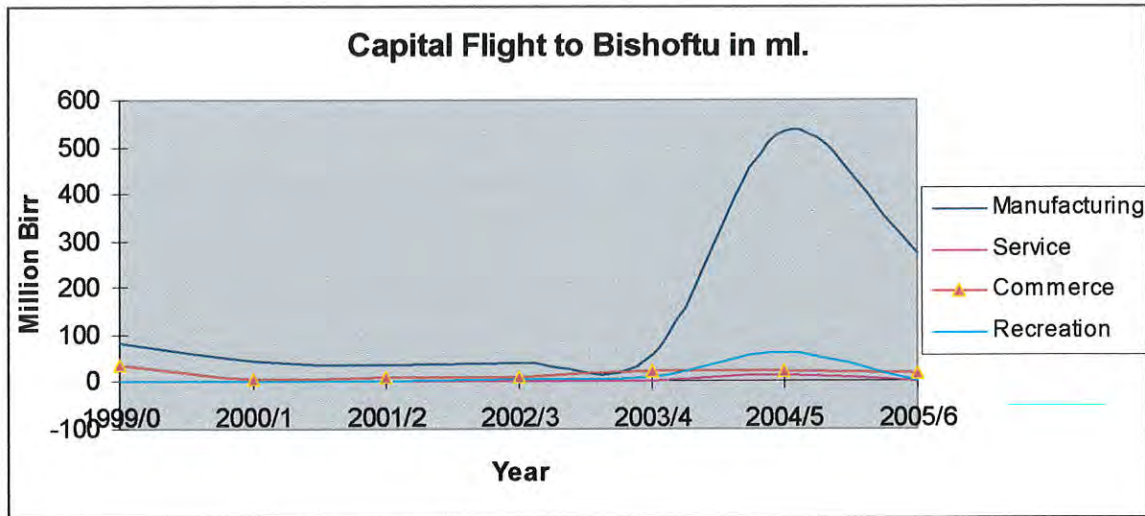
It is interesting to note that the private renters have been playing significant role in alleviating housing problem in the city of Bishoftu, even though, the rate of rent might be expensive virtually for all of the households. Needless to mention that no household has reported whether they have purchased land from the informal market. It is most probably due to the surreptitious and illegal nature of this type of approach for land acquisition. Thus it would be obvious that no body tells that he/she purchased land from the informal market.

#### **4.2 Prospect of the City to Overcome the Challenges**

To attain the desired development; and adequately supply residential land the city of Bishoftu has promising elements, which can be classified into internal and external factors. The internal are the strategy very recently employed by the municipality to follow a cost recovery approach in the compensation of peasants living on the urban fringe. However, it might be expensive for certain segment of the residents it is relieving the municipality from financial constraints. Moreover, the exhibited improvement as an effect of reformation is the strength for which due attention should be paid.

The growing investment trends, which can be explained by the capital flight to the city and land consumption, are among the external factors. As the graph below shows the capital flight to the city is increasing over the years.

**Figure 10 Illustrates Investment trend in the City in Millions.**



The money the municipality taps in terms of fees for building permit, and building and property taxes can justify the effect of this to the city. Apart from this expenditure will increase in the city as a result of job opportunity these economic establishments create for the residents. The cumulative effect of these will contribute for the development of the city.

For these economic establishments the municipality has been supplying about 47 hectares, per annum for the years under consideration out of which manufacturing (i.e. Industries and agro industry) consumed about 94 percent, every year. According to the survey made by the municipality on the status of the economic establishments, on year 2005/6 out of 122 manufacturing 14 percent were operational. In the service sector, out of 8 25 percent were operational. In the sector of commerce and trade, and Recreation 22.4 and 14.3 percent were operational out of 58 and 14 firms, respectively.

The programs of PASDEP and MDG are also other opportunities which are promising for the city. Among these programs provision and delivery of 5850 serviced land and 225000 housing units, per annum, in various urban centers of the country (including Bishoftu) are worth mentioning. Apart from

these various studies such as CBDS and PSCAP as part of deepening decentralization, have recently been completed. Based on these urban development programs, strategies have been designed for the urban centers of the region that benefit Bishoftu as well.

Another important element as an external factor is the urban development policy, which has been promulgated in the recent past. The policy underlines that effort will be made to bring fast and equitable development; and hence intervention strategies have already been formulated. Housing policy under formulation at the center is also a prospect for the city.

The current study undertaken by the region to reorganize the municipalities is also another prospect for the city. The municipal officials have reported that study is underway to maximize the performance of the municipality than what has already been marked, through restructuring.

## CHAPTER V

### 5. Conclusion and Recommendations

#### 5.1. Conclusion

The findings of the study show that the performance of the municipality has been marked with improvement since the reformation. This however, does not mean that the municipality has adequately resolved the problems in the areas of residential land supply. The study made on the years under consideration shows that in most of the years the land delivery was below the demand (i.e. with an average of 161 plots per annum). This is justified primarily by comparing the land production to the number of household formation, for the respective years; and the number of people waiting for land allocation for a number of years.

Nevertheless, the municipality has no waiting list; the survey result shows that the number of backlog is high, as there are households waiting for land allocation for more than a decade. Some studies estimated that there are over 10000 people waiting for the land allocation. But as it has been stated the absence of waiting list has made difficult quantification of the demand side.

The land delivery has been constrained by poor institutional capacity of the municipality. Despite the marked improvement in the revenue collection, the average per capita revenue and expenditure are very low as compared to the average of African cities. Interestingly, it is in a better status as compared to most of the urban centers in the country.

Because the municipality is not the institution that stand free and is being overruled by the city administration (i.e. Bishoftu's Urban Local Government), extensive intervention in its daily activities has been noted.

This in turn has resulted in high staff turnover, particularly to the technical staff, as there is frequent firing of technical personnel.

The urban planning and land administration section is not computerized even though, it is the backbone of the municipality as the major source of revenue for the institution. In addition, as it is under staffed the process of land preparation, parcellation and allocation exhibits delays and low responsiveness.

To overcome its financial constraint the municipality has been employing a cost recovery approach for the compensation of peasants' holdings, since last year. This would definitely help the municipality to curb its expenses in the area of land delivery and is even marked with some benefit from the land allocation, even though; the compensation rate is too low for the peasants.

The issue of low-income group has not yet got the attention it deserves as the fees required for land acquisition are beyond their economic reach. As has been noted there is no strategy set to address this income group; and thus the land delivery system is benefiting the better off, both in the rent and lease system. Thus the lease policy is being challenged, since all income groups do not have equal access for the land. It is worth mentioning, in fact that the government seems to be waking-up as it has revoked the deposition of the money since 2005.

On the other hand, the eviction of peasants with a low rate of compensation may pose serious problem, and the continuous horizontal physical growth will also be a cause for economic inefficiency of the city in the future. It would also be fair to say that the city is growing at the expense of the peasants, and hence some times the peasants react violently.

In the city of Bishoftu it is the municipality that supplies new residential land. Because this institution is the sole land supplier the residents should have to wait for the municipality, as there is no any other competitive actor, in this regard.

The quality of the plan prepared for the city is one of the problems impairing residential land supply in the city. The plan is prepared on outdated base map, and hence surveying works, preparation and parcellation of residential land has been challenging task for the technical personnel. The absence of dependable surveying instrument has been exacerbating the problem.

As regards transparency of the municipality, in the process of land delivery, though, the improvement would not be denied the clients still complain that there are elements that should be overhauled. It has been also noted during the undertaking of the research that the municipality has not been clearly delivering land on the first come first served basis. As opposed to the information obtained at the beginning of conducting the research, which pronounced that the municipality disregards the city residents, reversibly it is found that the municipality has been prioritizing the city residents. Off course it should have to be, since the municipality is responsible above all for the inhabitants of the city. In like manner, speculation was also highly suspected as a cause in inflating the demand for land, however, the study result shows that it has not yet impacted much the land delivery.

The other important issue noted during the study is that no integrated planning has usually been made with the utility agencies. The municipality plans alone the area of expansion and determines the number of plots that is going to be allotted without informing utility agencies. Yet it is found that the existing constrained land supply is due to the internal problem of the municipality than the absence of integrated planning.

The absence of real estate developers definitely intensifies the shortage of housing. To this effect majority of the residents of Bishoftu could not freely choose whether to own house through purchase, with soft loan, or rent standard house with a fair rate, for instance. Thus every one strives to have its own house in a bid to solve its shelter problem, which in turn inflates the demand for land. It is a common knowledge that real estate developers are well known for their efficient space utilization (in the sense of high rise building). Since a strategy for densification in the form of encouraging subdivision; and upward physical growth are absent this would in turn exacerbates the problem.

The cumulative effects of these have been creating proliferation of illegal settlement on the outskirts of the city and land price has relatively been higher, among others. The study has also underlined that the city has promising elements to mitigate the current problems surrounding residential land supply, and other issues.

To sum up the discussion residential land supply in the city of Bishoftu is constrained by the number of factors discussed here above despite the encouraging improvement noted in the field. Thus there is a gap (however, it has been narrowing since the reformation) between the supply and demand, in the case of the years under consideration.

## **5.2. Recommendations**

The findings of the research underline the importance of focusing on the following issues to enable the municipality adequately respond to the demand for residential land.

- ❖ Multiplicity of accountability of the municipality should be waived and must be allowed to stand free. Support in technical matters is a sine

qua none and the municipality must be adequately empowered to decide on the land issues.

- ❖ Strategies should be designed in terms of short and long term to encourage the private sector engage in urban development and the construction of houses. The strategies should focus on the way what has been noted in Addis Ababa is scaled up in secondary cities with a special focus to the middle and low-income group.
- ❖ Strategies should be designed, at municipal level, to address the low-income group in the delivery of residential land.
- ❖ Excess land holding of different organizations must be put into various urban uses, and the excess holdings of individuals should be exploited. This may need deliberate policy reform and or regulation.
- ❖ The municipal staff should be trained including on legal issues (i.e. they must be well acquainted with various legislations issued currently and in the past).
- ❖ The current strategies of MDG, PASDEP, CBDSD and PSCAP should be efficiently employed.
- ❖ Collaboration which will gradually develop into coordination and integration should be commenced between the municipality and utility agencies.
- ❖ The need to Regularize the existing informal development should be paid due attention.
- ❖ Compensation of peasants should also incorporate retraining, ensuring sustainable means for their livelihood and rebuilding, following their needs.
- ❖ Rent rates in general and that of lease regime in particular, should be revised and amended in such a way that commensurate with the level of economic development of the city.
- ❖ The revision of the plan of the city, which is going to be launched, should be speeded up.

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Annex 1

Questionnaire to be filled by the Municipality of Bishoftu

**NB: In this questionnaire all years are according to the Ethiopian fiscal year**

**Region** \_\_\_\_\_

**Zone** \_\_\_\_\_

**Status of the city** \_\_\_\_\_

1. Number of applicants for residential land in the "permit regime"

1.1 From Hamle 1, 1986-Sene 30, 1992 \_\_\_\_\_

1.2 Number of applicants allotted in the same year \_\_\_\_\_

2. Number of applicants for residential land in the lease system

2.1. From Hamle, 1986 -Sene 30, 1992 \_\_\_\_\_

2.2. Number of applicants allotted in the same year \_\_\_\_\_

3. Number of applicants for residential land in the 'permit regime"

**From the city      Outside the city**

3.1. From Hamle 1, 1992-Sene 30, 1993 \_\_\_\_\_

3.2. From Hamle 1, 1993-Sene, 30,1994 \_\_\_\_\_

3.3. From Hamle 1, 1994- Sene, 30,1995 \_\_\_\_\_

3.4. From Hamle 1,1995- Sene 30, 1996 \_\_\_\_\_

3.5. From Hamle 1, 1996- Sene 30, 1997 \_\_\_\_\_

3.6 Number of applicants allotted in the same year, in the "permit regime"

3.6.1 From Hamle 1, 1992-Sene 30, 1993 \_\_\_\_\_

3.6.2 From Hamle 1, 1993-Sene, 30,1994 \_\_\_\_\_

3.6.3 From Hamle 1, 1994- Sene, 30,1995 \_\_\_\_\_

3.6.4 From Hamle 1,1995- Sene 30, 1996 \_\_\_\_\_

3.6.5 From Hamle 1, 1996- Sene 30, 1997 \_\_\_\_\_

4. Number of applicants for residential land in the lease system

**From the city      Outside the city**

4.1 From Hamle 1, 1992-Sene 30, 1993 \_\_\_\_\_

4.2 From Hamle 1, 1993-Sene, 30,1994 \_\_\_\_\_

4.3 From Hamle 1, 1994- Sene, 30,1995 \_\_\_\_\_

4.4 From Hamle 1,1995- Sene 30, 1996 \_\_\_\_\_

4.5 From Hamle 1, 1996- Sene 30, 1997 \_\_\_\_\_

4.6 Number of applicants allotted in the same year with the lease system

4.6.1 From Hamle 1, 1992-Sene 30, 1993 \_\_\_\_\_

4.6.2 From Hamle 1, 1993-Sene, 30,1994 \_\_\_\_\_

4.6.3 From Hamle 1, 1994- Sene, 30,1995 \_\_\_\_\_

4.6.4 From Hamle 1,1995- Sene 30, 1996 \_\_\_\_\_

4.6.5 From Hamle 1, 1996- Sene 30, 1997 \_\_\_\_\_

5. Number of evicted household heads

5.1 From Hamle 1, 1992- Sene, 30, 1993 \_\_\_\_\_

5.2 From Hamle 1, 1993-Sene, 30,1994 \_\_\_\_\_

5.3 From Hamle 1, 1994- Sene, 30,1995 \_\_\_\_\_

5.4 From Hamle 1,1995- Sene 30, 1996 \_\_\_\_\_

5.5 From Hamle 1, 1996- Sene 30, 1997 \_\_\_\_\_

6. Total hectares of land compensated and the amount of money paid

	Hectares	Money paid
6.1 From Hamle 1, 1992-Sene 30,1993	_____	_____
6.2 From Hamle 1, 1993-Sene 30,1994	_____	_____
6.3 From Hamle 1, 1994-Sene 30, 1995	_____	_____
6.4 From Hamle 1, 1995-Sene 30, 1996	_____	_____
6.5 from Hamle 1, 1996-Sene 30, 1997	_____	_____

7. Money collected from allocating these plots of land for various urban uses, for the respective years. (The various urban uses are residential, commercial, manufacturing, services, recreation, agriculture and others)

7.1 From Hamle 1, 1992-Sene 30, 1993 \_\_\_\_\_

7.2 From Hamle 1, 1993- Sene 30, 1994 \_\_\_\_\_

7.3 From Hamle 1, 1994-Sene 30, 1995 \_\_\_\_\_

7.4 From Hamle, 1995-Sene 30, 1996 \_\_\_\_\_

7.5 From Hamle, 1996- Sene 30, 1997 \_\_\_\_\_

8. What are the standard residential plot sizes in Bishoftu City, for the "permit regime"

Type 1 \_\_\_\_\_m<sup>2</sup>                      Type 3 \_\_\_\_\_m<sup>2</sup>

Type 2 \_\_\_\_\_m<sup>2</sup>                      Type 4 \_\_\_\_\_m<sup>2</sup>

9. According to the various fees collected, upon handing over of the residential plot, what is the amount of income generated from each type of the aforementioned plot size.(i.e. per plot)

From Type 1 \_\_\_\_\_ per plot

From Type 3 \_\_\_\_\_ per plot

From Type 2 \_\_\_\_\_ per plot

From Type 4 \_\_\_\_\_ per plot

10. Is there any standard plot size for the residential land of the lease regime that are currently employed?

Yes

No

10.1 If there is, please specify the types of the plot size (i.e. currently employed)

Type1 \_\_\_\_\_ m<sup>2</sup>

Type3 \_\_\_\_\_ m<sup>2</sup>

Type2 \_\_\_\_\_ m<sup>2</sup>

Type4 \_\_\_\_\_ m<sup>2</sup>

11. What was the rate of the floor price, for the stipulated years, for the residential land sold with the lease system (the rate is per m<sup>2</sup>)

11.1 From Hamle 1, 1992-Sene 30, 1993 \_\_\_\_\_ per meter square

11.2 From Hamle 1, 1993 - Sene 30, 1994 \_\_\_\_\_ per meter square

11.3 From Hamle 1, 1994- Sene 30, 1995 \_\_\_\_\_ per meter square

11.4 From Hamle 1, 1995- Sene 30, 1996 \_\_\_\_\_ per meter square

11.5 From Hamle 1, 1996 - Sene 30, 1997 \_\_\_\_\_ per meter square

12. What was the maximum and minimum rate for the residential land sold with lease system?

**Minimum      Maximum**

12.1 From Hamle 1, 1992- Sene 30, 1994 \_\_\_\_\_ per meter square

12.2 From Hamle 1, 1993-Sene 30, 1994 \_\_\_\_\_ per meter square

12.3 From Hamle 1, 1994-Sene 30, 1995 \_\_\_\_\_ per meter square

12.4 From Hamle 1, 1995 -Sene 30, 1996 \_\_\_\_\_ per meter square

12.5 From Hamle 1, 1996- Sene 30, 1997 \_\_\_\_\_ per meter square

13. Have you ever supplied land for real estate developers between the year Hamle 1, 1992- Sene 30, 1997 ?

Yes

No

13.1 If you have ever supplied please specify:-

Year	#of real estate developers	Total area of Land in hectare	Type of the houses	# of envisaged housing units
------	----------------------------	-------------------------------	--------------------	------------------------------

i)

ii)

iii)

14. Which are the governmental or non-governmental organizations or departments that involve in the estimation of compensation cost for the households to be evicted from the expansion areas.

i. \_\_\_\_\_

- ii. \_\_\_\_\_
- iii. \_\_\_\_\_
- iv. \_\_\_\_\_
- v. \_\_\_\_\_
- vi. \_\_\_\_\_
- vii. \_\_\_\_\_

15. Which entity decides the rate/amount for the compensation of the assets?

- i. \_\_\_\_\_
- ii. \_\_\_\_\_
- iii. \_\_\_\_\_

16. Who decide the number of years for the compensation?

16.1 On what basis the entity decides the years?

16.2 Do you think the decision is consistent every year? Yes  No

16.3 If it is not consistent please explain \_\_\_\_\_

17. Do you think that the municipality is adequately empowered to decide on the various issues of urban land?

i) As regards to when to allocate land Yes  No

If it is decided by other entity explain \_\_\_\_\_

ii) As regards to how much plots to allocate Yes  No

If it is decided by other entity explain \_\_\_\_\_

iii) For the Selection of expansion areas, based on the envisaged future expansion areas of the plan.  Yes  No

If it is decided by other entity explain \_\_\_\_\_

iv) Budgeting for the compensation of peoples to be evicted on the expansion areas, for the forth-coming fiscal year. Yes  No

If it is decided by other entity explain \_\_\_\_\_

18. When there is a need for changing of a zoning which institution approves the changing of the zoning

- The municipality it self
- The Zonal Department of Urban Development
- The Regional Bureau of Urban Development

18.1 If there is an interference by other entities, other than these institutions, please elaborate [i.e. If there is any entity that violate the plan]

19. Municipal finance of the city of Bishoftu

Code	Year	Revenue		Expenditure	
		Planned	Achievement	Planned	Achievement
<b>A</b>	Hamle 1, 1992-sene 30, 1993				
<b>B</b>	Hamle 1, 1993-Sene 30, 1994				
<b>C</b>	Hamle 1, 1994-Sene 30, 1995				
<b>D</b>	Hamle 1, 1995- Sene 30, 1996				
<b>E</b>	Hamle1, 1996-Sene 30, 1997				

20. Please specify the three consecutive sources of income that constitute the highest share

For-a-in %    For-b-in %    For-c-in %    For-d-in %    For-e-in %

1<sup>st</sup> From \_\_\_\_\_ From \_\_\_\_\_ From \_\_\_\_\_ From \_\_\_\_\_ From \_\_\_\_\_

2<sup>nd</sup> From \_\_\_\_\_ From \_\_\_\_\_ From \_\_\_\_\_ From \_\_\_\_\_ From \_\_\_\_\_

3<sup>rd</sup> From \_\_\_\_\_ From \_\_\_\_\_ From \_\_\_\_\_ From \_\_\_\_\_ From \_\_\_\_\_

21. Please specify the level of achievement in expenditure for recurrent and capital budgets

For-a-in %                      For-b-in %    For-c-in %    For-d-in %                      For-e-in %

Recu. \_\_\_\_\_

Cap. \_\_\_\_\_

22. Human resource of the municipality

Educational level	Number	Permanent	Contract	Percentage (Permanent)
Illiterate				
Grade 1-6				
Grade 7-8				
Grade 9-12				
Certificate				
Diploma				
Bachelor degree				
Masters degree				
PhD.				

23. Please describe the human resource in the land administration and registration team, including the department head.

Profession	Planned	Actual Number	Permanent	Contract
i) Urban planner	_____	_____	_____	_____
ii) Urban engineer	_____	_____	_____	_____
iii) Technician	_____	_____	_____	_____
iv) Surveyor	_____	_____	_____	_____
v)				
vi)				
vii)				

24. Please describe the human resource in the team of plan implementation.

Profession	Planned	Actual Number	Permanent	Contract
i) Urban planner	_____	_____	_____	_____
ii) Urban engineer	_____	_____	_____	_____
iii) Technician	_____	_____	_____	_____
iv) Surveyor	_____	_____	_____	_____
v)				
vi)				
vii)				

25. Please describe the human resource in the lease and investment team.

Profession	Planned	Actual Number	Permanent	Contract
i) Urban planner	_____	_____	_____	_____
ii) Urban engineer	_____	_____	_____	_____
iii) Technician	_____	_____	_____	_____

iv) Surveyor \_\_\_\_\_

v)

vi)

vii)

26. Surveying instrument and heavy duty machineries of the municipality

Items	Number	Working condition	Remark
Ordinary theodolite			
Total station			
dump truck			
Dozer			
Loader			
Excavator			
Grader			
Compactors			
Roller			

**NB: Working condition - Operational**  
**- NotFunctional(NF)**

27. Was the plan ready-to-implement upon collecting from NUPI (from the point of view of expediting easy supply of urban land)

27.1 Was the base map updated both in the inner part and the envisaged expansion area \_\_\_\_\_

27.2 At what level did you expect the proposed land use plan, when it was collected from NUPI (This is referring to the areas restricted for residential purpose)

- At block level  At parcel level

- At a wider block level so that you would have more chance to be flexible in the formation of residential blocks of your own and proposition of some lower order services

27.3. Do you think that the area of land designated for residential purpose, for the set planning period, is adequate enough

yes  No

27.4 If you estimate that it will not be adequate enough to serve for the set planning period, what percentage of the land designated for residential purpose have already been consumed, since the implementation of the plan to date. \_\_\_\_\_

27.5 Have you ever converted the zoning of a land use designated for residential purpose to other use (This is referring to the current plan that the municipality is utilizing)

yes  No

27.6 If you have ever converted, have you replaced same amount from other urban uses [i.e. have you been utilizing a land designated for residential purpose interchangeably with other zonings]

yes  No

Other than this, please explain \_\_\_\_\_

28. What are the strategies designed by the municipality to address the poor with the supply of residential land ?(i.e. who do not afford to pass through the normal procedure)

- i. \_\_\_\_\_
- ii. \_\_\_\_\_
- iii. \_\_\_\_\_

29. Have you ever supplied land for the organizations that have requested residential plots with the objective to provide low cost housing units for the low income group(poor) between Hamle 1, 1992-sene 30, 1997?

Yes  No

29.1 If you have supplied please specify the organization for which it was supplied

- i. \_\_\_\_\_
- ii. \_\_\_\_\_
- iii. \_\_\_\_\_

29.2 The number of plots \_\_\_\_\_

29.3 The corresponding size of the plots \_\_\_\_\_

29.4 The total area of the plots \_\_\_\_\_

30. What is the total number of public housing (low cost houses) constructed by the municipality between Hamle 1, 1992-sene 30, 1997?

31. What is the total number of people registered for the rent of public housing (low cost houses) between Hamle 1, 1992-sene 30, 1997?

32. Does the municipality provide the following infrastructures along with the land allocation?(i.e. serviced-site). Please explain.

i. The type of the road \_\_\_\_\_

ii. Water system \_\_\_\_\_

iii. Electricity \_\_\_\_\_

33. What are the steps that an applicant of residential plot passes through in the case of "permit regime"?

i. \_\_\_\_\_ v. \_\_\_\_\_

ii. \_\_\_\_\_ vi. \_\_\_\_\_

iii. \_\_\_\_\_ vii. \_\_\_\_\_

iv. \_\_\_\_\_ Vii. \_\_\_\_\_

34. what are the steps that an applicant of residential plot passes through in the case of "lease regime"?

i. \_\_\_\_\_ vi. \_\_\_\_\_

ii. \_\_\_\_\_ vii. \_\_\_\_\_

iii. \_\_\_\_\_ viii. \_\_\_\_\_

iv. \_\_\_\_\_ ix. \_\_\_\_\_

v. \_\_\_\_\_ x. \_\_\_\_\_

35. Who decide the lease price in the "lease regime"?

36. The number of people allotted. At individual level In cooperatives

36.1 From Hamle 1, 1992-Sene 30, 1993 \_\_\_\_\_

36.2 From Hamle 1, 1993-Sene, 30, 1994 \_\_\_\_\_

36.3 From Hamle 1, 1994- Sene, 30, 1995 \_\_\_\_\_

36.4 From Hamle 1, 1995- Sene 30, 1996 \_\_\_\_\_

36.5 From Hamle 1, 1996- Sene 30, 1997 \_\_\_\_\_



37. Plots of land allotted for investment by year and sector, in hectare and numbers

Year	Manufacturing		Agriculture		Service		Commerce		Recreation		Others	
	Ha	No	Ha	No	Ha	No	Ha	No	Ha	No	Ha	No
Hamle1,1992-Sene 30, 1993												
Hamle1, 1993-Sene 30, 1994												
Hamle1, 1994-Sene 30, 1995												
Hamle 1, 1995 Sene 30, 1996												
Hamle 1, 1996 Sene 30, 1997												

Please elaborate the "other" \_\_\_\_\_

38. Capital of the projects, in Birr

Year	Manufacturing	Agriculture	Service	Commerce	Recreation	Others
Hamle 1, 1992-Sene 30, 1993						
Hamle1, 1993-Sene 30, 1994						
Hamle 1, 1994-Sene 30, 1995						
Hamle1, 1994-Sene 30, 1995						
Hamles, 1995-Sene 30, 1996						
Hamle1, 1996-Sene 30, 1997						

9. Job opportunity created by the projects

Year	Manufacturing	Agriculture	Services	Commerce	Recreation	Others
Sample 1, 1992- June 30, 1993						
Sample 1, 1993- June 30, 1994						
Sample 1, 1994- June 30, 1995						
Sample 1, 1995- June 30, 1996						
Sample 1, 1996- June 30, 1997						

10. Status of the project in the year \_\_\_\_\_ (EC), in number.

Year	Manufacturing	Agriculture	Services	Commerce	Recreation	Others
Operational						
Under Construction						
Vacant						

11. What is the number of people on the waiting list that are not yet allotted the residential land?

\_\_\_\_\_

Annex 2

Questionnaire to be Filled by the Newly Allocated People in the Expansion Areas of Bishoftu

1. Kebele \_\_\_\_\_ House No \_\_\_\_\_
2. Sex of the household head  Male  Female
3. Age of the household head \_\_\_\_\_
4. Marital status  
Single  Married  Divorced  Widowed   
Separated  Other
5. Occupation  
 Government employed  Self employed  
 Private sector employed  NGOs employed  
 Unemployed If other specify \_\_\_\_\_
6. Where do you categorize your monthly income?  
**< 235**  **235-450**  **451-650**  **651-1000**   
**1001-1500**  **1501-2500**  **2501-4000**  **>4000**
7. Are you allotted from the municipality or you purchased it from an individual?  
Allotted  Purchased  If other Specify \_\_\_\_\_
8. When did you get registered for the residential land (in EC)?  
\_\_\_\_\_
9. When did you allocated the land (in EC)  
\_\_\_\_\_
10. If you are allotted on what basis you had applied to the municipality?  
Individual builder  Cooperative
11. What was the size of the plot you were registered for.  
200 m<sup>2</sup>  180m<sup>2</sup>   160m<sup>2</sup>  
If other, please specify \_\_\_\_\_
12. What is the size of the plot you are allotted? \_\_\_\_\_
13. Is the location of the plot according to your need?  
Yes  No
- 13.1 If it is not, where was your preference? \_\_\_\_\_

13.2 Why you preferred that particular area? \_\_\_\_\_

14. The existing level of construction of the houses on the plot

**Main house**

completed

Under construction

Vacant

**Service quarter**

completed

Under construction

Vacant

15. Who occupied the **main house**?

Owner

Renter

Not yet occupied

16. Are you from the city?

Yes

No

16.1 If you are not from the city please specify your place of origin

Other urban

Rural

16.2 Why you preferred Bishoftu as a place of residence \_\_\_\_\_

17. Is your house connected to the urban water system?

Yes

No

17.1 If it is not connected from where do you get water? Please specify \_\_\_\_\_

18. Does your house connected to electric system

Yes

No

18.1 If it is connected does it have its own electric meter?

Yes

No

19. Is your house connected to the ordinary telephone service?

Yes

No

19.1 If it is not connected please specify the reason \_\_\_\_\_

20. Do you think that the municipality is transparent enough in the allocation of urban land?

Yes

No

21.1 If you found it not transparent enough please specify the reason/aspects

- (i) \_\_\_\_\_
- (ii) \_\_\_\_\_
- (iii) \_\_\_\_\_

Annex 3

Questionnaire to be Filled by the Applicants not Allocated in the City of Bishoftu

1. Kebele \_\_\_\_\_ House No \_\_\_\_\_
2. Sex of the applicant                      Male                       Female
3. Age of the applicant \_\_\_\_\_
4. Marital status  
    Single       Married       Divorced       Widowed   
    Separated                       Other
5. Occupation  
 Government employed                       Self employed  
 Private sector employed                       NGOs employed  
 Unemployed                      If other specify \_\_\_\_\_
6. Where do you categorize your monthly income?  
    < 235       235-450       451-650       651-1000   
    1001-1500       1501-2500       2501-4000       >4000
7. When did you get registered (formally applied) for the residential land (in EC)  
\_\_\_\_\_
8. What is the size of the plot you were registered for?  
\_\_\_\_\_
9. On what basis you applied to the municipality  
    Individual builder       cooperative       In both ways
10. How ever, it is recently revoked did you deposit, with the blocked account, the amount of money required for the allotment?  
    Yes       No
11. Have you fulfilled all the other requirements that qualify you for the allotment?  
    Yes       No
12. Have you ever rejected a chance in which you were allotted, due to the fact that you didn't like the location of the plot?  
    Yes       No
13. Have you ever rejected a chance in which you were allotted, due to the fact that you didn't like the size of the plot?  
    Yes       No

14. Do you think the municipality entertains the applicants on the first come first served basis?

Yes

No

14.1 If your answer is no, what are the problems you have observed?

i. \_\_\_\_\_

ii. \_\_\_\_\_

iii. \_\_\_\_\_

15. Why you presumably think the municipality has not yet allotted the land for you?

i. \_\_\_\_\_

ii. \_\_\_\_\_

iii. \_\_\_\_\_

iv. \_\_\_\_\_

16. Is there any solution you have resorted to, on your own, for the sake of resolving your housing problem?

Yes

No

16.1 If your answer is no, where are you living?

With my parents (family)

Rented from private renters

Co-dwelling with others

In government houses(kebele &AARH)

If other specify \_\_\_\_\_

16.2 If your answer is yes, what is the measure you have taken?

Purchased from the formal market

Purchased from the informal market

If other specify \_\_\_\_\_

## Annex 4

## List of Contacted Persons and their Position

List of contacted person	Position	Issues Discussed	Date
Ato Telila	City Manger of Bishoftu's Municipality	See annex 5	September,2006
Ato Dereje	Department of Urban Planning and Land Administration, Head At the municipality	On relevant issues from the points listed in annex 5 and on various problems that affect their daily activities	September,2006
Ato Demissie	Team leader in the Department of Revenue, At the municipality	On municipal financial issues	September,2006
Ato Asrat Gebeyehu	Team leader of Lease Team At the municipality	On relevant issues from the points listed in annex 5 and on various problems that affect their daily activities	September,2006
Ato Asnake	Urban Engineer At the municipality	On relevant issues from the points listed in annex 5 and on various problems that affect their daily activities	September,2006
Ato tesfaye	Surveyor At the municipality	On relevant issues from the points listed in annex 5 and on various problems that affect their daily activities	September,2006
Ato Wegayehu Kebede	Surveyor At the municipality	On relevant issues from the points listed in annex 5 and on various problems that affect their daily activities	September,2006
W/r Qalkidan	Drafts Girl At the municipality	On relevant issues from the points listed in annex 5 and on various problems that affect their daily activities	September,2006
Ato Weyuma	Department of Land Administration, Head at the Bureau	About sub division of land in the urban centers of the region	October,2006
Ato Abreham Firew	Urban Development Support Service, B/ Head at the Bureau	About housing strategies and various issues	October,2006
Atp Tafesse Bogale	Expert in the Department of Land Adm., at the Bureau	About subdivision	October,2006

## Annex 5

### Issues Discussed During the Interview Held with the Municipal Officials and Staffs

1. To which government entities the municipally is accountable?
2. What are the aspects that the municipality reports to each of the entity?
3. In what aspects the municipality gets directives and assistance from the entities?
4. Is there any legal binding that spell out how you should work with these external entities?
5. Do you think that the level of public participation that was held during the plan preparation was adequate enough? If it is not why was it?
6. For the implementation of the plan do you allow the public to participate and make decisions? If it is so can you substantiate it with an example?
7. What are the mechanisms to control speculators before and after allocation of residential land.
8. Now a days the way of thinking, as regards to informal settlers on the urban fringe, has shifted from bulldozing to regularizing. This approach is employed as a means of alleviating short supply of urban land and housing. Have you experienced this in your city? If it is so can you mention the year and the number of regularized houses?
9. In the inner part of the city there are dwelling units and enterprises that occupied large tract of land and thus the land are under utilized. Have you ever made an effort to find a way in which this land is put on the market or supplied to the needy people.
10. In order to minimize the urban sprawl, which is costing the municipality to provide the necessary infrastructure and services as well as incurs cost to compensate the households to be evicted, have you ever made any effort to promote vertical growth.
11. How do you comment the plan prepared for the city of Bushoftu.
12. As regards to the reformation, is there any adverse side effect that you comment for its amendment?


13. What is the requirement for those who apply for residential land both in the "permit and lease regimes?"
14. What are the types of housing design of the city?
  15. Is there a minimum requirement set, as a standard, for the construction material of the houses.
16. What are the strategies you have designed to balance the supply of residential land to the demand.
17. What strategies have you designed to address, in particular, those who are on the waiting list?
18. when did the requirement for the blocked account is revoked?
19. Who are purchasing land from the informal market?
20. Is it possible to legally sale a land, by subdividing, from the inner part of the city?

Is there any permitting or prohibiting regulation to do so?
21. Is it possible to sale a leasehold land, for the leasee, without building a structure on it?
22. How do the conveyance takes place in the informal sub-market.

## DECLARATION

I declare that this thesis is my original work and has not been presented for a degree in any university and all the sources of materials used for the thesis are duly acknowledged.

Name : Sebsebie Tadesse

Signature  \_\_\_\_\_

Date: January, 2007

Place: Addis Ababa University

This thesis has been submitted for examination with my approval as a university advisor

Solomon Mulugeta (Ph.D.)

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