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Urban Built-Up Property Formation Process in the Peri-Urban Areas of Ethiopia

Achamyeleh Gashu Adam

Abstract

Peri-urban areas in Ethiopia, like that of other African countries, are places where much of urban growth is taking place and new urban built-up properties have been formed rapidly. They are geographic places where the competition for land between agriculture and non-agriculture (urban built-up property) is intense leading to the vanishing of rural agricultural land rights. In this chapter an attempt has made to assess and create an understanding of the process of new urban built-up property formation in the transitional peri-urban areas of Ethiopia. Case study and desk review approaches were employed. The findings of this study show that formal and informal actors play a significant role in the process of converting peri-urban agricultural lands into urban built-up non-agricultural properties. Finally, this study also shows that urban built-up properties in the peri-urban areas are the results of land use conversion through the informal and formal channels.

Keywords: built-up, land tenure, formal, informal, Ethiopia, peri-urban, peri-urbanization

1. Introduction

Peri-urban land is conceptualized as a third space between the urban and rural hinterlands where urban land development processes meet, mix and interact on edge of the cities [1]. It has ever changing characteristics of land uses and land ownership with time and investments changes [2]. It is also a zone where peri-urban dwellers and other actors are confronted with both urban and rural laws and institutions [3]. It is a space crying out for attention [4].

Peri-urban land is of capital importance in any society. It is place where transformations resulting from the dynamics of rapid urbanization are concentrated [5]. Much of the current urban growth is taking place at the peri-urban areas. Similarly, the competition for land between agriculture and non-agriculture (urban housing) is intense in the peri-urban areas [6]. Thus, peri-urban areas are centers for almost all new land developments and changes in property right systems both formally and informally [7].

From property rights perspective, peri-urban areas are places where new urban property rights emerge to replace traditional or customary rights [8, 9]. As urbanization is penetrating into the countryside, agricultural lands are increasingly converted into non-agricultural uses or urban built-up properties. Moreover,

urbanization in sub-Saharan Africa is often accompanied by the termination of existing local land rights in the peri-urban areas and the birth of new and urbanized form of land/property rights [10].

In the transitional peri-urban areas, competition for land between local rural settlers engaged in agricultural practices and urban actors interested in this land for residential purposes is fierce. The competitions for land during transition could instigate institutional changes need to regulate the emerging land rights. It is obvious that peri-urban areas are largely characterized by a wide range coexistence of formal and informal land transaction practices. Consequently, they serve as a breeding ground for new types of land tenure systems (which can be either semi-legal such as occupation of state land or non-legitimated totally) and land transaction processes which exist side by side with formal and customary systems [5].

Peri-urban land from the Ethiopian context involves an agricultural rural land adjacent to municipal boundaries, often held by local peri-urban farming communities. It is also a land under constant threat of expropriation of by the government agents and with a very high possibility of being converted into urban built-up property [11]. Peri-urban areas in Ethiopia can also be described as mushrooming place for new unauthorized/informal settlement without basic utilities. Therefore, peri-urban land in Ethiopia is a fascinating arena displaying complementary and conflicting interests.

Moreover, land in the peri-urban areas in Ethiopia is in a rapid process of change from rural agricultural land to urban built up [11]. New urban built-up properties and associated rights are being evolved at the expense of rural agricultural land rights [12]. The process of new property and property right formation in Ethiopia is not well studied and explored. This book chapter primarily explores the process of new urban built-up property formation in the peri-urban areas of Ethiopia. Details on the peri-urbanization process are discussed in this chapter under six sections. The first section details with the conceptualization of peri-urban land. The second section discusses the property right system of Ethiopia focusing on the strength and limitations. The third section focuses on how the research was conducted. The fourth section covers about urban built-up property formation based on empirical analysis and debates. The reason for why the formal and informal channel of land development co-existence in the peri-urban areas is also explored in the fifth section of the book chapter. The final section covers the conclusion of the study.

2. Property system in Ethiopia: overview of features and its deficits

As it is clearly defined in the federal constitution of Ethiopia, land is the property of state the peoples of Ethiopia and accordingly sale and as a means of exchange is prohibited [13]. Under the umbrella of exclusive state ownership of all land, the property system is bifurcated into rural and urban landholding systems due to the bifurcation of legal and institutional frameworks for rural and urban land (see **Figure 1**). Land located in the rural territory is governed by a rural land holding system by which rural landholders are allowed to exercise usufruct right only without the right to permanent transfer through sale or without the right to convert it into non-agricultural use by themselves [14]. On the other hand, land in the urban jurisdiction is governed by a leasehold system by which allocation of urban land is carried out through auction and government allotment on the basis of annual rent for a specified lease period and allows development rights according to a land use plan [15].

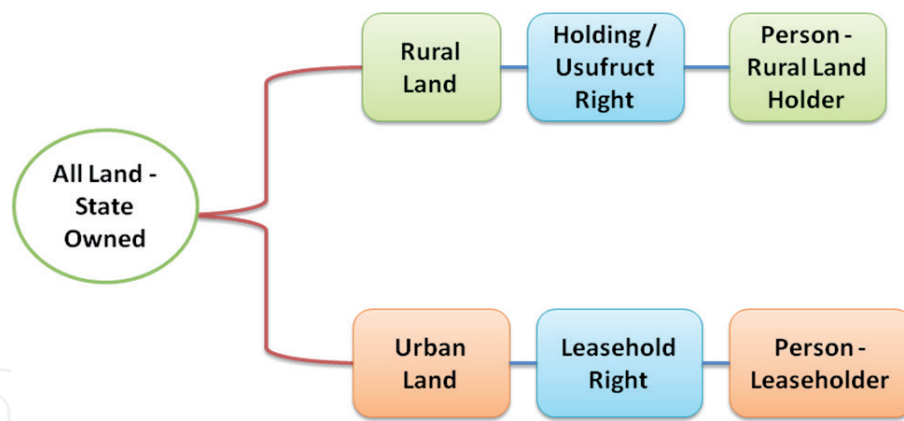


Figure 1.
 The bifurcated property rights system in Ethiopia. Source: author produced.

State as sole supplier and owner of land is responsible to allocate all types of land use rights to the citizens. In the process of land allocation different requirements and procedures are being employed to allocate rural and urban land use rights. According to both federal and regional legislations, rural land can be granted to the people with usufruct right free of charge without time limit for those citizens who want to engage in agricultural activities for their livelihood [13, 14]. These two legal frameworks allow every citizen from 18 years of age whose main residence is in rural areas and who wants to make a living from agriculture to be accorded free access to rural land and permitted to exercise usufruct/holding rights for an indefinite period (FDRE, Proc. No. 456/2005, Art.5). Rural land in Ethiopia can be acquired by reallocation of communal or other unoccupied lands [16]. The land-holders of rural land in Ethiopia have the authority to use and harvest on it, to rent it, to donate it, to bequeath and sharecropping except selling and mortgaging it.

On the other hand, the land within the administrative boundary of urban areas in Ethiopia is governed by the urban lease holding system. The lease system is proclaimed as a sole means of accessing urban land in the country since the 1990s. The system allows that all land in urban areas to be transferred in to lease system and calls for conversion of old possessions to leasehold [15]. The current lease law recognizes tender (auction) and allotment as the basic means of lease transfer from government to citizens. As a matter of principle, land needed for residential, commercial (urban agriculture, industry, or service), and other uses are transferred by competitive tender. As an exception, city municipality may give land by allotment to selected areas of paramount importance to government institutions, religious institutions, public residential housing programs, diplomatic mission, displaced persons for urban renewal. The lease system serves as a hot political and legal agenda and has been criticized for a number of reasons including rent seeking, corruption, inefficiency, price hike, etc. that made the system unable to satisfy the growing demand of the urban poor and investors [17].

Land governance and institutional setup is derived from the constitutional provision and are a reflection of the property system of the country. The responsible authorities managing land are divided into municipal and rural land administration for urban and rural land respectively both at federal government and regional government level. The division of land governance institutions into urban and rural has been creating confusion in the transitional peri-urban areas where the land is highly demanded for urbanization and being converted into urban built-up property rapidly. The authority and the land tenure system in the transitional peri-urban areas lack clarity. Sometimes this transitional area may also fall under neither rural nor urban jurisdictions.

Moreover, the urban boundaries are always expanding into the surrounding peri-urban agricultural and rural areas and this in turn has been affecting the rural jurisdiction. As urban growth strategy, the government has been implementing expropriation of land from peri-urban areas as a response to the growing demand of land for rapid urbanization and the need for modernized infrastructures.

3. Research methods and materials

The primary objective of this study was to create an understanding of the process of new urban property and property right formation in the transitional peri-urban areas of Ethiopia. To attain the objective a mixture of desk review and case study research approaches were employed. As a case study area, Bahir Dar city located in the north western part of Ethiopia was chosen (see **Figure 2**). Bahir Dar city is one of the fastest growing metropolitan areas in Ethiopia where a lot of rural

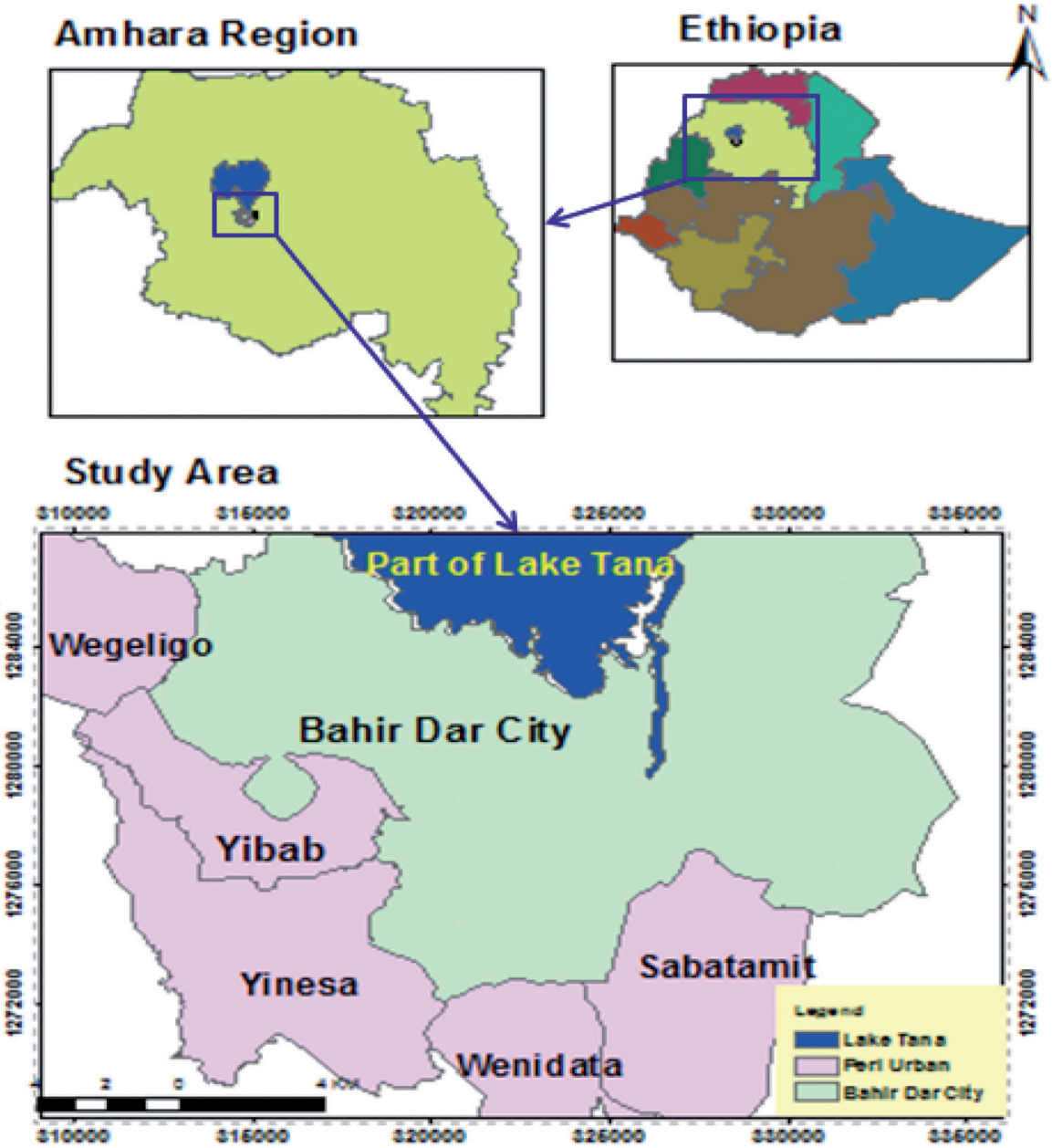


Figure 2.
Location map of Bahir Dar city. Source: author produced.

agricultural land has already been converted into urban built-up properties. It is also the area where there is a huge land demand for urban development purposes.

Focus group discussion (FGD) was undertaken with urban and rural land agency officials and experts. The officials and experts shared their views on how new urban built-up properties and property rights are being evolving. In addition, the discussants shared their views on how rural land rights are disappearing in the process of urban expansion. The focus group discussion was complemented by key informant interviews and site observations in the peri-urban areas. Key informant interview was held with key stakeholder such as planners, academia, local and regional government officials and the community leaders in the peri-urban areas. In addition to primary sources of data, an intensive desk review was conducted with a purpose to get a clear picture on the process of peri-urbanization. In addition, reviews on legal and policy frameworks and urban development strategies been conducted.

4. Results and findings

Urban areas in Ethiopia are growing and over spilling into the peri-urban areas in terms of space and population [12]. Peri-urban areas located adjacent to the municipal boundaries have become the most dynamic areas in Ethiopia. They are places where all forms of lively competitions for land are fierce. Due to the rural-urban dichotomy of land holding systems in Ethiopia, urbanization and urban development in peri-urban areas involves land holding right acquisition and transfer issues. In the process of urban expansion and development in Ethiopia, peri-urban landholders or farmers' land rights are forcibly taken by the state and thereafter reallocated to urban residents and private developers through lease agreement. At the same time the informal acquisition and development of land is a commonly seen phenomenon in the transitional peri-urban areas of Ethiopia. This section deals with the formal and informal ways of built-up property formation process in the peri-urban areas of Ethiopia.

4.1 Formal channel of urban built-up property formation

The formal urban development strategy of Ethiopia is solely dependent on compulsory expropriation and re-allocation of land. Expropriation measures as a mechanism to supply urban land are largely implemented in the transitional peri-urban areas and it is the single formal way of trading between the dichotomized rural and urban tenure systems where by the output would be the formation of urban built-up property. The formal urban built-up property formation process by expropriation decisions of the government involves a three step process of land acquisition and delivery [11]. First, the peri-urban area must be included within the city's master plan; in the second step, expropriation decisions should have to be made; and third, the expropriated land need to be reallocated to different private and public users through lease contract on the basis of annual ground rent for the period specified in lease contract. As soon as previously peri-urban and rural territory is planned for urban expansion, its inhabitants become the subject of "default" expropriation, with compensation only in cases where they have legal rights to the land, and at prices that are many times lower than those farmers can fetch on the informal market.

The process of urban built-up property formation through the formal channel also reveals that the mechanism to convert peri-urban/rural land rights into urban

rights is non-existent. The use right of the local peri-urban landholders supposed to be exercised for lifetime can be terminated at any time by expropriation decisions of the government. As urban boundary approaches to the peri-urban territory, local landholders at this territory are assumed to be subjects of expropriation. As a consequence, sense of land tenure insecurity is very high in the transitional peri-urban areas than any other places in Ethiopia and about 94% of the local peri-urban landholders in one way or the other feel insecure for their land right [11]. The local landholders in the peri-urban areas expect that their land shall be taken by the municipality at any time when the land is needed for urban expansion programs.

Another deficit of the urban built-up property formation through expropriation in Ethiopia is related to the wrong interpretation and assumption that all land belongs to the state which has resulted in unjustifiable disregard of land value in the amount of compensation paid to those people expropriated from their land. In this regard, the practice shows that local peri-urban landholders can be paid compensation only for improvements on land, i.e., buildings and structures on the land [18], without taking into consideration the land value itself. The practice also shows that there is a considerable variation in the rate and amount of compensation paid to the expropriated landholders [19, 20]. For example, if the land is taken for a federal purpose, landholders would be compensated at a rate determined by the federal government; if the land is taken by regional or local authorities, the rate would be determined by regional or local authorities. Therefore, the amount of compensation paid by the federal government is much higher than local or regional government. As a result landholders in the peri-urban areas prefer their land to be taken by federal government.

Moreover, the urban land development process and a new built-up property formation process in particular is not built on participatory approaches. The stakeholders inability to make a direct involvement and negotiation due to the wrong assumption that land is the exclusive property of the state and can never be definitely negotiated by any one has created uncertainty on peri-urban landholders located adjacent to the cities [11]. Experiences show that expropriation decisions made by municipal authorities are most commonly top-down without considering the interests of the peri-urban communities including the preferences in the type of compensation. For instance, the great majority of the local landholders (91%) in the peri-urban areas prefer to have either land-to-land compensation from other areas or preserving reasonable portion of land within the urban boundary [21]. Therefore, the landholders in the area would like to preserve their land use rights and stay in farming activities. In addition they want to transfer their agricultural land to their sons and daughters as they have received it from their parents. The practice shows that reaching consensus and agreement with the affected local landholders before the final decision of land acquisition is most often non-existent. As a result objection and resistance against government's expropriation measure is a common phenomenon in the peri-urban areas of Ethiopia. The overall reflection from sample respondents and previous research results on the current urban development process in Ethiopia seems to be ignoring the land rights and livelihoods of the local peri-urban communities and skewed to the urban people [22].

4.2 Informal built-up property formation process in the peri-urban areas

Informal developments and settlements mushroom in the peri-urban areas than any other geographic place. Informal acquisition and transaction is the second mechanism for new built-up property formation in the peri-urban areas. The expectation of peri-urban local landholders that their land shall be taken by urban administration compulsorily, on the one hand, and the inefficiency to provide

affordable houses to the low income people in the inner-city have created an increasing pressure upon peri-urban land to be sold in the informal market [11]. In the following sub-sections an emphasis is to given explain how new urban built-up property be formed through the informal channel of land subdivision, transaction and development in the peri-urban areas.

4.2.1 Profile of actors interested in informal plot from peri-urban areas

The profile of actors involved in acquiring a plot of land through the informal channel from the peri-urban areas is examined with a purpose to provide a clear structure and insight about the characteristics of actors and institutional arrangements governing informal transaction and development of land in the peri-urban areas. The actors interested in acquiring a plot of land from peri-urban areas have multifaceted and engaged in various occupations to earn income for their livelihood (see **Table 1**). Self-employed households engaged in small scale commerce and daily laborers working mainly in the construction sector account more than 75% of the informal settlers in the case study area. The role of government employees and local residents in the process of new built-up property is significant as well [23]. Again, from the income perspective, the great majority of actors interested in the informal acquisition of land and formation of new built-up property earn very low monthly income.

In this study, an attempt was also made to track where the informal settlers are coming form. The largest proportion respondents which account about 92% of informal settlers used to live in the inner-city in rental houses. They informal settlers justify why they preferred to come to the inaccessible and unplanned peri-urban areas to live. According to their views unregulated rising of housing rent and inability to buy a condominium flat in the inner city are the most significant pushing factors that expelled them to the peri-urban areas in search of shelter. On the other hand, availability of informally subdivided parcels in cheap prices relatively attracted them to leave their original place of residence. Some of the housing units are also constructed by local residents themselves whose prior residence is from the same locality. Local residents or local informal settlers are those actors who built muddy house either on their own farm land or on a plot received as a gift, or on a plot bought from other local peri-urban landholder. The housing units constructed by local residents account about 7% of the houses in the area. Thus, the analysis of actors involved in the formation of informal urban built-up properties (construction of informal housing units) and the nature of the houses built in the study area reveals the infancy stage of settlement and land development where the

Respondents' occupation	Monthly income				Total (%)
	<500 Eth. Birr (%)	501–1000 Eth. Birr (%)	1001–2500 Eth. Birr (%)	>2500 Eth. Birr (%)	
Low income government employees	0	9	7.00	0	16
Peri-urban local residents	1	6	0	1	8
Daily laborers	19	23	0		42
Small scale business	7	24	2	1	34
Total	27	62	9	2	100

Table 1.
Respondents' occupation and monthly income (n = 120).

area is inhabited mainly by low income households. Moreover, all house structures built in the area are sub-standard and temporary shelters constructed of muddy and wooden walls and roof of iron sheet scattered on the agricultural land and inhabited by low income households. Moreover, basic amenities such as school for children and other basic facilities such as electricity, road and sanitation services are not available.

4.2.2 Plot acquisition mechanisms in the informal channel

Peri-urban areas which used to be prime agricultural areas have also rapidly being converted into urban built-up property informally outside the official and the formal law. The actors in the informal settlement process use different modes of acquiring an informal plot of land from the informal market. The great majority of plots which is about 78% of the informal plots were bought illegally from the local peri-urban smallholding farmers who received the land for agricultural purposes. However, according to the land policy and legislations of Ethiopia, land is not salable property [13]. Some informal settlers also claim as if they have received the plot as a gift from relatives but in reality it was bought illegally. Speculators are also involving in the transaction and construction of informal houses with expectation of profit in the future and they involve in selling and buying of agricultural lands and then they convert into urban built-up property. So informal houses or urban built-up properties can also be built on plots bought from previous informal buyers with some profit. This study also shows that sub-standard houses or informal houses can be constructed by local peri-urban landholders themselves on their own agricultural field [23].

The analysis of the modes of acquisition of informal plots in the peri-urban areas shows that the largest proportion of the land occupied by informal settlers was previously held by local peri-urban farmers which destined to be used for agricultural purpose only. The action of local peri-urban landholders/farmers is against the constitutional provision that forbids land sale. As indicated above, the federal constitution of Ethiopia clearly states that all land is state property in which citizens enjoy only use rights without the right to sale [13]. Thus, peri-urban land holders play a double role in the informal urban built-up property formation process. On the one hand, they are primary suppliers of land to the informal market and on the other hand they are also playing a key role in the construction of unauthorized and sub-standard residential houses on agricultural fields without permission to do so. Their motive to construct unauthorized houses by the local landholders themselves on agricultural fields is partly due to their interest in capturing future land value increase resulted from the incorporation of the land into urban jurisdiction.

It is also important to see other factors that push local peri-urban landholders to involve in unauthorized subdivision of their agricultural fields into pieces of plots and later on to transfer it through sale and other mechanisms of transfer. The key pushing factor is their expectation that they would not be able to keep their land for long time in the future due to the rapid urban expansion into their area. The largest proportions of local peri-urban landholders feel that sooner or later the city administration would take their land for urban expansion programs through expropriation decisions. They have also a feeling that the compensation is not fair enough to cover what they loss and the whole process is not participatory. They have also a feeling that even the decided amount may not be paid on time. As a result, local peri-urban landholders on their side, by weighing the amount of compensation that they will be paid upon expropriation of the land and the sales price they are receiving by their own, prefer to sell the land.

The rural-urban dichotomy of land governance institutions is another favorable ground for the widespread practice of informal transaction of land in the transitional peri-urban areas. As a result of the urban rural dichotomy, the possibility of a power vacuum peri-urban zone to be formed is very high than any other geographic space. Most commonly power vacuum zone could be able to be formed when the municipalities adopt a revised master plan that includes the peri-urban areas into the urban center without expropriating and putting the land into its land bank. This power vacuum zone refers to a space neither under rural jurisdiction nor in the urban jurisdiction which in other words refers to a space under no one's jurisdiction. This is an excellent opportunity for local landholders to subdivide and sale their land informally and finally to convert it into a built-up property.

4.2.3 Key aspects of negotiation and documentation process

The negotiation process of plot acquisition from the peri-urban areas through the informal channel involves various step by step carefully studied activities and decisions made mainly by the informal buyer so as to make the transaction safe and free from fraud. For the buyer, having accurate and reliable information about plot availability for sale and reliability of the seller are the preconditions for initial negotiation to be started between seller and buyer in the informal market. Focus group discussion with the brokers shows that information about the potential land sellers like reputation for good behavior and reliability are among the important issues that buyers want to know. It is only after the informal buyer has developed trust on the behavior and reliability of the seller that the process of negotiation for transaction would start.

Local peri-urban residents play a key role as information center for the newcomers who want to buy a plot of land from the area and to build unauthorized residential houses. Local residents are either the rightful local landholders themselves or informal settlers who came to the area some time earlier. Local residents also act as sub-brokers who supply information to the main brokers. Evidences from previous study show that the majority of informal settlers which is about 72% gained information about plot availability for sale from local residents while the remaining 28% of the respondents got information from brokers [23]. Therefore, the role of brokers in the negotiation and information diffusion process is so significant in the informal land market. They are the main diffusers of information about availability of plot for sale. Once they obtained information, they disseminate it by talking to everyone they meet. Land brokers, in the area, have a wide range of social interactions through which they can get information about plot availability for sale.

After having sufficient information about plot availability by the buyer, the potential seller and the potential buyer come into a negotiation table by the support of mediators most commonly by brokers. Again after the potential seller and buyer are being introduced each other what follows is a process of bargaining by which each party tries to secure the best deal as much as possible. The central point of the negotiation is usually the price of the plot. In addition, plot size, location, and distance from public facilities like public road networks are some of the key issues considered in the price negotiation process.

When the parties reach an agreement on the price of the plot, they end up by concluding a written agreement signed by both parties as part of documentation process. Traditional letter of agreement (contract of sale), locally known as “yemender wule,” would be concluded between the parties as evidence of transaction at the presence of three witnesses who are locally known as “shem-agelewoch.” Traditional letter of agreement could be either contract of sale or loan agreement. The amount of money stated in the contractual agreement is

usually greater than the real purchase amount with an intention to capture future increase in land value. The content of agreement also states that if the borrower could not pay back the loan within the agreed time, he/she agreed to convey his/her piece of land to the lender in an exchange to the money borrowed. In addition, the content of the agreement contains a written description of the extent of the plot measured in meter or feet. Usually, elders of the village or leaders of traditional social institutions are often preferred as witnesses of transaction. The buyers and sellers receive copies of the agreement, and a third copy is made and kept by one of the witnesses of transaction.

However, the contractual agreements signed by buyers and sellers either in the form of sale or loan or mortgage transfers have no legal ground due to two main reasons. First of all it is not allowed to transfer land through sale in Ethiopia [13] and second of all, contracts of transaction should follow registration by public body as a formal requirement and recognition of transaction. But land transaction the peri-urban areas through the informal channel do not fulfill the requirements. The main purpose of documentation and contractual agreement in the informal market is to avoid conflicts in the future between buyer and seller. The transaction is mainly built on trust.

4.2.4 Plot demarcation and dispute resolution

Plot demarcation and documentation will follow after the parties have reached in agreement on the price of the plot. The spatial extent of the plot can be demarcated by using visible markers such as poles plants, stone marks and fence. The spatial extent of the plots are demarcated and delineated by different actors involved in the transaction most commonly at the presence of three witnesses. Social norms like trust and reciprocity play a prominent role in the land transaction and regulation of the behavior of transacting parties.

As mentioned above the transacting parties in the informal market have no legal grounds and could not be able to take their cases to courts to seek justice in the formal judiciary system when dispute arises between the two transacting parties. The conflicting parties rather prefer to take their cases to the socially respected elders and leaders of “*idir*” and “*iqub*” in the village and the elders and leaders social institutions are quite efficient in solving such conflicts. When conflict arises the affected parties will take their cases to the elders in the village and the elders try to solve the problem by urging the conflicting parties to be governed by their agreement. If the parties could not be able to reach into agreement, they may face problems like being excluded from participating in different social affairs with the community. Moreover, traditional social institutions like “*ider* and *iqub*” play a significant role in making negotiations with government bodies claiming for formalization and organizing resistance against forced eviction. These institutions also provide the members (residents) an identity of belongingness to the area. It is only through these associations that the residents in this settlement area are recognized and registered as residents of the village.

5. The co-existence of formal and informal built-up properties in the peri-urban areas

The formal and informal approaches of land transaction and development are the two contrasting ways built-up property formation ways that persist to exist in the peri-urban areas of Ethiopia (see **Figure 3**). The formal and informal channels of land transaction are being equally practiced side by side one

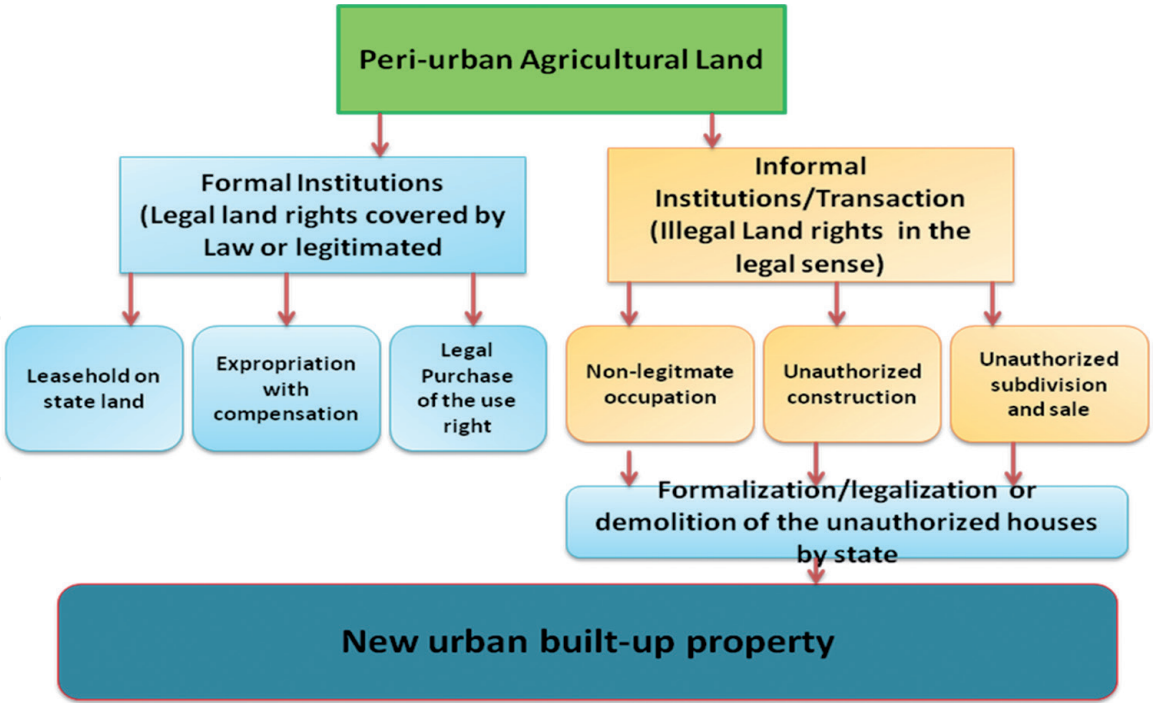


Figure 3.
Built-up property formation process in the peri-urban areas of Ethiopia. Source: author produced.

influencing the other. Peri-urban land which used to be agricultural land has been rapidly converted into urban built-up property both through formal and informal channels. Most commonly, the inability of the formal land acquisition and delivery system to meet the requirements is main reason for the emergence of informality. As it is elaborated in the earlier sections, all land including peri-urban in Ethiopia is state or public property and private property does not exist [13]. According to the formal law, urban land can be allocated to the individuals largely from peri-urban areas based on 99-year leasehold contracts for residential housing [15]. Individuals may also sale and transfer the leasehold right acquired from the state to the others. Therefore, compulsory and formal conversion of the individualized usufruct right of peri-urban landholders into leasehold right is persistently growing and the end result would also be continuous formation of new urban built-up property due to rapid urbanization process.

However, the administrative allocation of urban land through lease system after expropriation seems to be inefficient and not affordable to the urban poor and even to the middle class. On the other hand, rapid urban population growth has been intensifying a great demand for cheap and easily available urban residential land. This demand is partly indeed met by informal supply and acquisition of land from peri-urban areas. Informal supply and acquisition of land includes activities such as illegitimate occupation, unauthorized construction of substandard houses and unauthorized subdivision and sale of land. Peri-urban land holders/farmers are the key actors in the process. Peri-urban farmers fearing expropriation (revocation of their agricultural use rights/holding rights) by the state without adequate compensation prefer to subdivide their farm land into building pieces and transfer their land in the informal (black) market [23]. In addition, other different groups of actors such as brokers, speculators, corrupt government officials, peri-urban residents have been willing to involve in the process of informal transaction and development of land in the peri-urban areas. This trend result in a rapid development of an informal land market, based partly on extra-legal, partly on not-legitimated, and therefore criminal, land tenure regulations. To legitimize the transaction the parties involved the informal transaction of land use different mechanisms such declaring the transaction

as a gift, inheritance, repayment of debt and the like. Despite all illegality in the informal transaction of land, there is also an increasing trend and chance of formalization or legalization by the state. Therefore, this instance best explains the continuous breeding of informal land rights and then after the emergence of new formal property rights by means of formalization/legalization of informal land rights.

6. Conclusion and policy implications

The process of peri-urbanization and urban built-up property formation in the transitional peri-urban areas of Ethiopia is assessed in detail in this chapter. Existing contemporary literatures about peri-urbanization and the resulting emergence of new urban built-up property rights formation process both through the formal (legal) system and informally outside the legal framework are also reviewed. The finding in this chapter has shown that both formal and informal ways are equally important in the process of converting peri-urban agricultural lands into new urban built-up non-agricultural properties. In the process of urban expansion, the former peri-urban landholders are expected to surrender their land to the urbanities through expropriation measures. The expropriated land is expected to be allocated to private developers and business men through lease agreement with the purpose to facilitate urban-based economic growth. This is the general insight how individualized rural usufruct right has been converting into individualized lease holding right formally and the end result of the process would be the formation of new urban built-up property. This study also shows that the urban expansion and development programs of the government into the peri-urban areas seem to favor the urbanities at the expense of the local peri-urban communities.

The inefficiency of the formal land acquisition and delivery system for urban development is found out to be the driving force for the emergence of new urban built-up properties in the peri-urban areas informally. One of the key indications of the inefficiency of the formal system is the termination of agricultural usufruct right held by local peri-urban communities and the replacement of the system by the urban lease system compulsorily by the government. The unparticipatory and top-down decision of the government to expropriate land and to transfer this land to the outsider users through lease system has been pushing the local peri-urban landholders to subdivide and sell their agricultural land illegally before the government expropriates and reallocates their land to the urban developers. This is also aggravated by the bifurcation of the rural and urban land tenure system for urban and rural areas which has resulted in ambiguities on by which system that the transitional peri-urban areas shall be governed.

Finally, this study has proven that the quantity of informal built-up properties will continue to grow unless the government has made accommodative measures are taken to all group of the society. In other words, the dichotomy between the existing “formal” and “informal” city will continue to exist and it will continue to influence one another. The practice shows that unauthorized and illegal houses constructed in the peri-urban areas likely to grow in number and it is accommodating the majority and indeed the poorer section of the population who have no other option. This means it can neither be ignored nor be left to continue to grow and take its own path of development. Therefore, this requires the government to set up a responsive institutional framework that narrows down the rural-urban land governance dichotomy which has been resulting in power vacuum zone in the transitional peri-urban areas. Moreover, the federal government or the local government needs to develop proactive and protective measures for regulating informal land subdivision, use and development in the peri-urban areas.

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