ESTABLISHING A LEGAL CADASTRE FOR GOOD GOVERNANCE IN ETHIOPIA: IDENTIFYING BOTTLENECKS AND STEPS TOWARD SCALE-UP

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Abstract
The Government of Ethiopia’s Growth and Transformation Plan II (GTP II) establishes an ambitious goal of reaching middle-income status by 2025, envisioning industrial development for growth and job creation through effective urban development. The targets identified to reach this goal will, however, require substantial amounts of land. Local government’s ability to deliver this land - by establishing and implementing urban plans, enforcing regulations and identifying under-utilized land for infill - is undermined by the absence of a comprehensive legal cadastre. This paper presents selected core findings of a project to review the status of current pilots being undertaken to create the urban legal cadastre, and presents policy recommendations for the way forward. The work provides an important understanding of the governance, project management and public awareness challenges of registering urban land in Ethiopia. It builds on other recent efforts in Sub Saharan Africa (SSA) and elsewhere to register urban land, notably Rwanda, and supports the Land Policy Initiative goal of “ten member states putting in place transparent, efficient and cost-effective land administration systems which are reflective of Africa’s unique realities by 2020.” The learning and approach may be of interest for other countries in sub-Saharan Africa undertaking similar endeavours.

Key Words: Land Administration, Ethiopia, Urban Development, Cadastre, Land Titling
1. Introduction

Ethiopia’s Second Growth and Transformation Plan (GTP II) establishes a goal of reaching middle income status by 2025 and envisions industrial development for growth and job creation, through effective urban development. Targets identified to reach this goal will require substantial amounts of land, but local government’s ability to establish and implement urban plans, enforce regulations and identify underutilized land is undermined by the lack of a comprehensive legal cadastre. The Ministry of Urban Development and Housing (MoUDH) has developed an ambitious agenda of activities to support GTP II, including the adjudication and registration of 1.6 million and 1.2 million landholdings respectively, across 91 cities in five years – with 200,000 adjudicated and 150,000 registered in just the first year across the identified 23 cities. These goals are unlikely to be achieved, however, without significant effort to design and implement successful, replicable and scalable pilots for Systematic Adjudication and Registration (SAR).

A number of pilot projects have been established within cities to develop urban legal cadastres and ultimately implement the new system, including the pilot in Addis Ababa (commencing prior to Proclamation 818/2014) and the pilots in 23 cities (including Adama, Mekele, Hawassa and Bahir Dar). However, these pilots have been slow to progress and have faced many challenges. Given the historic failure of urban cadastral pilots in Ethiopia, the ability to complete and scale-up the current pilots remains a concern. A World Bank team including consultants from Land Equity International conducted a diagnostic mission to Ethiopia from 6-18 June 2016 to evaluate the urban legal cadastre pilot projects underway and to develop policy recommendations based on key issues identified. A follow-up mission to discuss and revise the preliminary evaluation and policy recommendations was conducted from 26 September to 7 October 2016.

This paper presents a selected summary of the reports developed with a particular focus on the legal and institutional challenges identified that have limited piloting success to date within the Ethiopian urban legal cadastre context. It also provides a snapshot of a process to utilize the Costing and Financing of Land Administration Services tool to determine staffing and office typologies for both systematic registration and ongoing operations, with an aim to achieve self-financing in the longer term.

The work undertaken highlights a core need for strong programme management to achieve the aims of MoUDH and the GTP II. In addition, there is as yet no clear process established for piloting that can be scaled-up, and there is a lack of clarity around the availability of funds, coordination and responsibility across local, regional and national government.
In the context of institutional, legal and regulatory frameworks, five key constraints are particularly highlighted:

- Lack of standard operating procedures, supporting materials and strong project management
- Requirement for regularization to be completed prior to the commencement systematic adjudication and registration, with challenges presented by the separation of rights-creation and registration activities into two different agencies
- Poor quality parcel file information and file management
- Lack of clarity on institutional roles and integration/cooperation
- Lack of clarity on the registration of condominiums, government and religious land

The full evaluation and extent of policy recommendations are not detailed in this paper, however it provides a flavour of the current status of land administration and reform in urban Ethiopia and projections for improvement given current capacity and policy decisions.

2. Land Administration Reform and Preliminary Assessment of Ethiopia

2.1 Land Administration Reform

Land administration is the way that rules of land tenure are applied and made operational (FAO, 2002). There is great variety in the way land administration is implemented globally but typically land administration includes the functions of surveying and mapping, registration of property rights and property valuation (see, for e.g., Enemark, 2005). There is significant variation in the length of time over which land administration systems have developed in different countries. Well-developed systems have typically evolved over one or two centuries, from simple systems to map and record property rights in limited locations to sophisticated systems providing property-related information nationally. In contrast, less-well developed systems have evolved over a timespan of decades, drawing on the experiences and models of better-developed systems.

The variety in implementation of land administration reform reflects the different contexts, situations and objectives of such reform. However, it is possible to model land administration reform as strategic decisions/activities at two levels – an initial level of decisions/activities that are required to prepare for land administration reform and a second level of implementing land administration reform itself. These two levels and the specific decisions/activities necessary are illustrated in Figures 1 and 2 below. Both figures illustrate two typical extreme cases across ten key topics relating to land reform, five at initial framework level and five at strategic implementation level. These largely follow the quality measures for registering property set out in the World Bank’s Doing Business Index (World Bank, 2016), being:
- **Initial framework level:** Policy/Legislative Framework, Institutional Arrangements, Capacity, Geodetic Framework, and Spatial Framework

- **Strategic activity level:** Computerisation of Records and System, Service Provision, Access to Records, Geographic Cover, Land Dispute Resolution.

In addition to noting best and worst case contexts, the figures also set out typical interventions for each topic, noting that each has a range of interventions that may result in various levels of improvement as illustrated by the ‘equalizer’ bars. It should be noted that there is no set phasing of activities and many projects have been designed and implemented with a mix of interventions.

Pre-empting the next few sections, the figures also show a red solid and green dotted line. These describe the ‘as is’ situation in Ethiopia (red solid line) and what it is estimated can be potentially achieved in a 5-year timeframe (green dotted line).

### 2.2. Summarising a Preliminary Assessment of Ethiopia

Before going into detail on the current context and evaluation of Ethiopia, it is important to understand how the urban sector in Ethiopia fits within the construct set out above and in the two figures. The Doing Business 2016 assessment for Registering Property, although limited to a single hypothetical property at the periphery of Addis Ababa, provides a useful reference. Doing Business ranked the ease of registering property in Ethiopia at 141 out of 189 countries. In terms of efficiency, Doing Business found that the process to register the property requires 7 steps, takes 52 days and costs 6.1% of the property value. More critically, in assessing the quality of the process Doing Business assessed the process as 4.5 out of a maximum of 30 points. This is a significantly low assessment, however it is primarily due to the paper-based nature of the recording system, the inaccessibility of these paper-based documents and the very limited geographic coverage of the system within Ethiopia as a whole. Current plans to digitise records, if effected, will significantly raise this assessment.

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<table>
<thead>
<tr>
<th></th>
<th>Policy/legislative Framework</th>
<th>Institutional Arrangements</th>
<th>Capacity</th>
<th>Geodetic Framework</th>
<th>Spatial Framework</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Best Case</strong></td>
<td>Recognises the land rights of all sectors of society within a holistic framework that ensures land is available for public uses and is best managed for future generations</td>
<td>Clear definition of institutional roles and mandates, little duplication of effort and systems and records.</td>
<td>HRD/M strategy in place and being implemented, training needs known and the basis for comprehensive training plan that is being implemented.</td>
<td>Comprehensive geodetic framework in place with data readily available and used as framework for NSDI. CORS available to support GNSS users.</td>
<td>NSDI policy in place with a comprehensive range of spatial mapping products available to land users online and in digital format.</td>
</tr>
<tr>
<td></td>
<td><img src="image1" alt="Diagram" /></td>
<td><img src="image2" alt="Diagram" /></td>
<td><img src="image3" alt="Diagram" /></td>
<td><img src="image4" alt="Diagram" /></td>
<td><img src="image5" alt="Diagram" /></td>
</tr>
<tr>
<td><strong>Worst Case</strong></td>
<td>Recognises the land rights of the elite, no provision for registering public land and limited protection of land for environmental and cultural purposes</td>
<td>Many institutions involved in land matters with overlapping and conflicting roles and mandates. Duplication of effort and systems and records.</td>
<td>Many approved positions unfilled, little or no training provided to staff, little or no information available on HRD/M strategy and no sector or institutional TNA.</td>
<td>Geodetic reference incomplete and/or outdated. Geodetic information not readily available. Many different local datums in use – many based on local GNSS observations.</td>
<td>Limited large scale maps available for cadastral surveys and land use planning and these maps are very outdated.</td>
</tr>
</tbody>
</table>
| **Possible interventions** | - Preparation of National Land Policy  
- Legislative reform                                      | - Institutional reform                                                                         | - Preparation of HRD/M strategies  
- Training Needs Assessment  
- Implementation of education and training plans  
- Building capacity of education and training institutions | - Geodetic and gravity observations and geodetic adjustment  
- Deployment of CORS with user support  
- Conversion of survey maps  
- User training | - Development and implementation of NSDI policy  
- HRSI and map acquisition  
- Development of web based delivery |
**Figure 2: Implementing Land Administration Reform**

<table>
<thead>
<tr>
<th>Computerisation of Records and System</th>
<th>Service Provision</th>
<th>Access to Records</th>
<th>Geographic Cover</th>
<th>Land Dispute Resolution</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Best Case</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All land records both spatial and textual are computerized and a comprehensive ICT system in place to support the provisions of services. Data backed up and archived.</td>
<td>Service charter adopted and being implemented. Clear promise on service delivery (time, cost and quality) adopted and being implemented.</td>
<td>Key records available online with the ability to search by a range of spatial and textual references.</td>
<td>The land administration system has comprehensive geographic cover and includes all tenure types, all public land and all land reserved for other purposes such as land of environmental and cultural importance.</td>
<td>Land disputes are resolved quickly in a system that is accessible to all.</td>
</tr>
<tr>
<td><strong>Worst Case</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All map and textual information only available in paper form with many records in poor condition. No back-up or archive. Data poorly stored and difficult to locate. Many records missing or incomplete.</td>
<td>System focuses on process rather than service provision. Process unclear as is the cost time and quality of what is being produced. Typically have to hire intermediary.</td>
<td>Records held and accessible by limited personnel and very difficult to access by others in the institution and almost impossible to access by other agencies and the general public.</td>
<td>The land administration has very restricted geographic cover, restricted for example to urban land and land of economic importance. Public land is not recorded and there is no inventory of public land.</td>
<td>Land disputes are resolved in an expensive process that is non-transparent and only accessible to the wealthy. Multiple and/or overlapping process to resolve disputes.</td>
</tr>
</tbody>
</table>

**Possible interventions**
- Scanning, key data entry and indexing of records
- Data entry
- Scanning and digitization of map
- ICT design and development
- End-user training
- Infrastructure to provide services
- Design and implementation of standard operating procedures
- Service charter adopted with clear promises on service provision
- Implementation of efficient process to collect and respond to customer feedback
- Development and implementation of NSDI policy with clear provisions for access, pricing and privacy
- Computerisation of records
- Development of web-portals
- Mass systematic registration using efficient participatory processes
- Development of a responsive sporadic registration system
- Program to register public land and create a public land inventory
- Policy to provide a range of dispute resolution services including ADR
- Development of comprehensive guidelines for land dispute resolution
This assessment is supported by MoUDH’s own assessment (undertaken in preparing for the design of the legal cadastre under GTP II), which determined that:

- in most municipalities property records were kept mostly in a paper format supported in some municipalities by a textual database and GIS or CAD software
- there was no consistent format for the manual records and the textual database or the GIS/CAD systems that may support these
- there was a lack of trained staff able to use the systems
- processes to update the manual and computer records were not consistent and staff had significant discretion in creating, altering or even removing files.

In 2015 MoUDH commissioned a file management study in three major cities: Mekele, Bahir Dar and Dire Dawa. This study has recently been completed and has found significant problems with the existing property files in these cities with many files missing numbers, lacking important information and many unable to be located in the field. There is hence a key requirement for this activity to be expanded beyond these three cities in order to identify regularization and preliminary needs to systematic registration.

The next sections will further expand on and provide detail to this assessment of the current context in Ethiopia, as well as highlighting critical areas for rapid improvement.

3. Policy and Legislative Framework

The first column of Figure 1 assesses the policy and legislative framework and this will be discussed for Ethiopia in the following section. Despite having a relatively comprehensive legal framework, the devolved nature of land governance and responsibilities in Ethiopia add to the complexity of the reform process. Based on a review of the legislation and discussions with implementing stakeholders (such as City level staff), there is a clear need for a set of Standard Operating Procedures (SOPs) to guide local staff and standardise activities. Of particular note is the separation of the creation and registration of rights – these are governed by different laws and the actions are required to be undertaken by different government institutions. This is likely to only extend the amount of time required for systematic adjudication and registration and increases safeguard concerns about the implementation of regularization. To move forward efficiently, achieve strategic policy goals and improve the assessment of the policy and legislative framework, there is a need for legislative reform as detailed in the following sections. Preparation of a National Land Policy will likely assist.
3.1 Ethiopia’s Growth and Transformation Plan

The Second Growth and Transformation Plan (GTP II) is the main planning instrument in Ethiopia for the five-year period from 2015/16 to 2019/20, and provides the strategic context of the urban legal cadastre of Ethiopia. The overarching objective of GTP II is realizing Ethiopia’s vision of becoming a lower middle income country by 2025.

Activities under GTP II are supported by the Ethiopian Cities Sustainable Prosperity Goals (ECSPG) and include a Program on Urban Map Production, Surveying and Land Use Right Registration under which there are six projects:

6.1 Urban Legal Cadastre Information Development Project
6.2 Urban Map Production and Surveying Capacity Building Project
6.3 Modern Property-based Taxation System Project
6.4 Development of Urban Landholding Registration
6.5 Development of Urban Cadastre
6.6 System Development, Follow-Up and Quality Control

These projects include the adjudication of 200,000 land parcels and registration of 150,000 parcels across 23 identified cities (essentially the 23 largest cities in 5 regions, henceforth referred to as the ‘23 cities’) in just the first year. A review of these project aims show that they are still ambitious, and would be aided by a review of core needs (such as new buildings required for offices, and training needs – these may be overestimated). There are further concerns about potential delays to the implementation of the computerised registry system (the Cadastre and Real Property Registration System, or CRPRS), which may limit overarching on-time, on-budget achievement of this Program.

3.2 Overview of the Legal Framework

Ethiopia is a federated state, governed according to the Constitution of the Federal Democratic Republic of Ethiopia (1995). Key Federal legislation sits beneath both the Constitution and the 1960 Civil Code (see Abdo 2013 for a discussion of this). Directives, at both federal and regional level, serve to guide the exact action for implementation of higher level laws. Regional-level legislation provides a further layer of complexity, but should adhere to and support federal legislation.
With regards to urban land, the key legislation at Federal level sitting beneath the Constitution and Code are:

**Table 1: Key Federal Legislation of Ethiopia Governing Land**

<table>
<thead>
<tr>
<th>Legislation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Proclamation 721/2011: Urban Land Lease Holding Proclamation</strong></td>
<td>Provides for the allocation of rights to use land through urban leases, prohibits land possession and permission other than lease holding and provides for the administration of urban land lease holdings. Applies to all urban lands irrespective of how the lands were held previously.</td>
</tr>
<tr>
<td><strong>Proclamation 818/2014: Urban Landholding Registration Proclamation</strong></td>
<td>Provides for the registration of rights, restrictions and responsibilities relating to urban land. Provides the principles of a legal cadastre and landholding adjudication and registration system. Defines the Legal Cadastre as ‘an updated landholding information system containing a record of the rights, restrictions and responsibilities on a defined legal boundary for each landholding demarcated as a parcel on a map.’</td>
</tr>
<tr>
<td><strong>Proclamation 370/2003: Condominium Proclamation</strong></td>
<td>This Federal Proclamation applies only to Addis Ababa and Dire Dawa but has been used by the Regions as a basis for their condominium proclamations.</td>
</tr>
<tr>
<td><strong>Proclamation 455/2005: Expropriation of landholdings for Public Purposes and Payment of Compensation Proclamation</strong></td>
<td>Provides for the expropriation of landholdings and the payment of compensation, as well as complaints and appeals processes. Applies to both rural and urban landholdings.</td>
</tr>
<tr>
<td><strong>Directive 45/2014: Urban Land Adjudication and Registration Directive</strong></td>
<td>Provides guidelines and directions on the implementation of Proclamation 818, including details on the application for landholding adjudication and registration, the implementation of systematic and sporadic landholding adjudication and registration, responsibilities and grievance handling.</td>
</tr>
<tr>
<td><strong>Regulation 251/2011: Federal Urban Real Property Registration and Information Agency Establishment Council of Ministers Regulation</strong></td>
<td>Establishes FURPRIA with a head office in Addis Ababa, provides powers and duties of the agency, including to coordinate the federal and regional urban real property registration institutions and create a uniform database system of urban real properties.</td>
</tr>
<tr>
<td>Regulation 323/2014: Urban Cadastral Surveying Council of Ministers Regulation</td>
<td>Provides the principles of cadastral survey system implementation, specifies survey measurement and calculation activities and procedures.</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Regulation 324/2014: Urban Landholding Adjudication and Registration Council of Ministers Regulation</td>
<td>Provides the objectives and principles of landholding registration and adjudication, and further detail on the implementation of Proclamation 818.</td>
</tr>
<tr>
<td>Standard 03/2015: Urban Legal Cadastre Standard</td>
<td>Provides the activities and procedures for cadastral surveying and management of data for the Urban Legal Cadastre</td>
</tr>
<tr>
<td>Standard 04/2015: Urban Cadastral Index Map Numbering System Standard</td>
<td>Specifies the Urban Cadastral Index Map Numbering System</td>
</tr>
<tr>
<td>Standard 05/2015: Urban Land Adjudication and Registration Standard</td>
<td>Provides the activities and procedures for urban land adjudication and registration, including necessary forms.</td>
</tr>
<tr>
<td>Standard 06/2015: Urban Legal Cadastre Registration Payment Computation Standard</td>
<td>Sets out the standard for payment under the legal cadastre, including fee calculations for sporadic registration and the provision of landholding certificates.</td>
</tr>
</tbody>
</table>

The legislative framework is relatively comprehensive, but we can distinguish two key areas around which reform may be necessary: (1) complexity resulting from devolution of responsibilities; and (2) the interaction of regularisation (rights creation) and registration activities. Both of these represent challenges at the operational stage, but may also have solutions in legislative reform.

### 3.3 Operational Complexity Implementing the Legal Framework

The layering within Ethiopia’s legislation (with Federal Proclamations, Directives, Regulations, and Standards, not to mention Regional and City level legislation) provides significant complexity as well as potential for overlap across areas of authority. Regional level laws are not articulated here, but may extend to, for example, condominium laws. Typically they should follow and be guided by Federal-level legislation, but where no Federal legislation exists, as is the case for condominium laws, there is the possibility of variance between regions and cities. This will impact standardisation of processes for SAR and potentially the implementation of a nation-wide computerised registry (the CRPRS). Whilst Standard 05/2015 provides some information on activities and procedures, including forms, operational (city) level staff were typically not clear on
implementation processes and hence the development of a comprehensive set of Standard Operating Procedures (SOPs) is recommended. These SOPs would additionally assist with the design specifications of the computerised registry system being developed (the CRPRS) and facilitate its roll-out. Ultimately, the possibility of variance between regional legislation increases the importance of undertaking local pilots within each region before scaling within the region.

Some legislative amendment is recommended, for example removing Ministerial Directive 45/2014’s requirement for 7 different registers (Article 67) which will not be required with a single, national computerised registry. Also regarding condominiums as above: at present there is a lack of clarity around how these are to be registered (both prior to and following the roll-out of the CRPRS) and buildings with less than five building units are currently not covered within the legislation. A further complication with condominiums is the requirement that mortgages be secured against buildings (not land parcels). Whilst the inclusion of building footprints is not advocated at this stage, there is a need for a clear and streamlined process that both facilitates a robust and efficient system for registering condominiums that is also respected by the banking and legal professions. Building footprint information can be contained in cadastral base maps and condominium rights stored against land parcels under LADM, which should facilitate this.

3.4 Managing Rights-Creation and Registration

The fundamental challenge to completing the urban legal cadastre in Ethiopia is that the SAR process as set out under Proclamation 818/2014 cannot create new rights, it can only formally recognise and register existing titles. Existing rights to land will either be leases or permits.

Permits have been issued at various times under different regimes, with the legal basis lying in the Civil Code. Leases were introduced in 1993, giving landholders leases over land for a fixed (typically 30-99 year) period subject to renewal, but with ultimate ownership and rights of repossession retained by the State. The legal basis for the lease system is now the Urban Lands Lease Holding Proclamation 721/2011. Leasehold systems have not yet extended to all cities, but where they have there is a policy that permits be converted to leases upon any transfer application (excluding inheritance). This still means that much of Ethiopia’s urban areas remain under the permit system. Cities maintain parcel files recording the titles held under the lease and permit systems. There is no established system to maintain parcel files and little legal basis other than the Civil Code – posing challenges for the efficient regularisation of permit lands.

The lease and permit systems, however, do not cover all urban land. Government land is not recorded, nor are well established systems such as kebele housing. There is also informal housing
that has various levels of recognition. When a City or City Administration prepares a structural plan that expands the city boundaries, farmers are included in the city. The structural plans are prepared every 10 years and they are introduced with local and neighbourhood development plans that define changes in land use and provide a framework for compensating those losing land and the farmers. As part of this process the farmers are typically issued temporary permits ("green cards") for residential land. The implementation of the local and neighbourhood development plans is often delayed due to the lack of funding to implement the plans and pay the necessary compensation.

Following on from these regularisation challenges, there is a lack of clarity around how landholders with title apply for adjudication and registration under Proclamation 818/2014, particularly some of the categories noted above which do not specifically include ‘titles’ - being farmers with landholding rights, government institutions and religious institutions. Furthermore, as noted above, many landholders are ineligible to make an application for adjudication and registration, including kebele housing residents, residents in housing estates established by social or community based organizations and individuals that have been allocated government land. The tenure matrix set out in Table 2 attempts to illustrate the various types of tenure that are evident in the urban sector in Ethiopia and suggests strategies for the inclusion of these tenure types in the legal cadastre. To assist with scale, Table 3 provides a summary of information that was gathered during this review (fields have been left blank where data was unable to be collected). It is unclear how many landholdings remain unregularised, posing a challenge to achieving the goals set out under GTP II.

As SAR under Proclamation 818/2014 can only register existing titles, in a process that has tight timeframes, the issuance of titles and any necessary regularization must be undertaken prior to declaring an area for SAR. There are some challenges to regularisation above and beyond identifying the scale of regularisation needed – including a lack of clarity around eligibility and the process for systematic adjudication and registration of different tenure types. The 2016 Land Governance Assessment Framework Report (Gebeyehu, 2016) notes that long-term illegal possessions by squatters are typically destroyed with illegal settlers unable to claim compensation. Removals are reported as being ad hoc in approach and closely tied with new development activities. Legal informal settlements are those without formal documentation, but landholders can typically demonstrate evidence of tax receipts, or payment of telephone or electricity connection fees. The local (kebele) administration is responsible for the protection of state and communal lands from illegal occupants. The 1960 Civil Code lists a limitation for long-term unchallenged possession to a maximum of ten years (Article 1845) and the LGAF report notes a ruling of the Supreme Court supporting this.
### Table 2 - Tenure Types with Requirements for Inclusion in the Legal Cadastre

<table>
<thead>
<tr>
<th>Tenure Type</th>
<th>Permits or Lease</th>
<th>Regularised and eligible for Permit or Lease</th>
<th>Embassies without title</th>
<th>Land held by religious institutions without title</th>
<th>Unit holder in condo &gt; 5 units</th>
<th>Unit holder in condo &lt; 5 units</th>
<th>Farmer with 'green card'</th>
<th>Farmer without 'green card'</th>
<th>Kebele housing</th>
<th>Rental housing agency housing</th>
<th>Housing provided by social/CBOs</th>
<th>Informal (eligible for permit or lease)</th>
<th>Informal (not eligible for permit or lease)</th>
<th>Public land allocated for individual use</th>
<th>Public use with title</th>
<th>Public use without title</th>
<th>Open use (roads, streams, lakes, parks)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Permit or Lease</td>
<td>Program to issue titles to eligible land holders</td>
<td>Develop and document clear guidelines</td>
<td>Legal change: Review Condominium Proclamation 370, relevant Regional Proclamations and Proclamation 818/2014. Procedural change: Amend legal cadastre to restrict sale/mortgage of parcel; clarify and document process to register units.</td>
<td>Procedural change: Develop and document clear guidelines</td>
<td>Policy: develop and document clear policy</td>
<td>Procedure: Prepare LDP if necessary and implement program of regularisation</td>
<td>Develop and document clear policy</td>
<td>Implement program to issue titles and/or encourage government institutions to apply for adjudication and registration</td>
<td>Develop and document clear guidelines</td>
<td>Public land allocated for individual use</td>
<td>Public use with title</td>
<td>Public use without title</td>
<td>Open use (roads, streams, lakes, parks)</td>
<td>240,000</td>
<td>127,000</td>
<td>160,000</td>
<td>18,000</td>
</tr>
</tbody>
</table>
### Table 3 - Summary of Tenure Situation in Cities Visited during the Study. Blank cells represent no data available.

<table>
<thead>
<tr>
<th></th>
<th>Addis Ababa</th>
<th>Adama</th>
<th>Mekele</th>
<th>Bahir Dar</th>
<th>Hawassa</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated housing units (2016)</td>
<td>934,730</td>
<td>88,320</td>
<td>81,303</td>
<td>76,897</td>
<td>58,042</td>
</tr>
<tr>
<td>Number of leases and permits</td>
<td>240,000</td>
<td>70,000</td>
<td>70,709</td>
<td>24,000</td>
<td></td>
</tr>
<tr>
<td>Leases as a % of titles</td>
<td>42%</td>
<td>10%</td>
<td>50%</td>
<td>35%</td>
<td></td>
</tr>
<tr>
<td>Number of condominium units</td>
<td>127,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Estimated of formal properties without titles or parcel files</td>
<td>25,000</td>
<td>9,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Estimated number of farmers</td>
<td></td>
<td>3,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Estimated number of informal housing units</td>
<td>&gt;30,000</td>
<td>15,000</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### 3.4 Other Considerations Regarding the Legal Framework

Finally, in reviewing the legislative context, Abdo (2013) notes the following legal concerns which may particularly affect the pro-poor implementation of land reform:

- Cities are given the power to seize land without intervention from the judiciary (e.g. in the event of lease payment arrears, or in the event construction is not completed within a set timeframe)

- The definition of ‘public purpose’ is problematic across the Constitution, Civil Code and Proclamation 455/2005 and landholders are denied to opportunity to challenge determinations of ‘public purpose’.

- There is no compensation for ‘use rights’ as the taking of land itself is not considered expropriation.

#### 4. Institutional Arrangements

Linked with the review of the legislative and policy framework above, the clear challenge for Ethiopia regarding the institutional arrangements is the lack of clarity and level of overlap across roles and responsibilities of different agencies. If there is to remain a separation between rights-creation and registration roles, then there is a clear need for clear lines of communication and cooperation between the two agencies – whether created by cross-disciplinary teams, or embedded processes or similar.
4.1 Overview of Institutional Arrangements

Ethiopia is a federal state with three levels of Government: Federal, Regional and Woreda/City. A summary of the roles and responsibilities of these agencies, with particular reference to Proclamation 818/2014 is set out in the Table below.

<table>
<thead>
<tr>
<th>Institutional Level</th>
<th>Responsibility</th>
</tr>
</thead>
</table>
| Federal – MoUDH        | • Develops and maintains policy and legal framework  
• Provides technical support, training and guidance to Regional Administrations and cities  
• Provides the national data centre on urban land registration and related information  
• Produces cadastral base maps and second order ground control points.  
• Has established a Ministry Task Force on Land  
• Contains the two following agencies:  
  o Federal Urban Real Property Registration and Information Agency (FURPRIA) established by Regulation 251/2011 and responsible for establishing and sustaining the national urban legal cadastre including real property registration  
  o Federal Integrated Urban Land Information Project Office (FIULIPO) established to control the implementation of the National Urban Real Property Registration and Information System (NURPRIS). |
| Regional Government    | • Establishes and operates appropriate land holding registration and information bodies (via Regional Proclamation) at regional and city levels  
• Ensures proper enforcement of regulations and directives issued under Proclamation 818/2014  
• Determines the urban centres in which landholding registration may start  
• Assesses and monitors staff needs and performance  
• Fixes the appropriate service fees chargeable for registration and other services |
| Cities                 | • Serves as the sole centre that produces information to produce the legal cadastre, maintaining parcel files and preparing local development plans  
• Forwards registered information to the appropriate regional body and the FURPRIA  
• Owns, organizes and manages the legal cadastre data for the City  
• Undertakes public awareness |
Other agencies with roles at the Federal level which impact the process of registration include:

- Ethiopian Mapping Agency (EMA): delegated responsibility for producing cadastral base maps, installing ground control points and developing cadastral surveying regulations for licensing

- Information Network Security Agency (INSA): responsible for developing the CRPRS and for coordinating the NSDI

- Ministry for Agriculture and Natural Resources: overarching government authority for rural land. Responsible for implementing Proclamation 456/2005 Rural Land Administration and Land Use Proclamation

### 4.2 Assessment of Institutional Arrangements

Figure 3 shows the breakdown of activities for systematic adjudication and registration (including prerequisite activities, called ‘preconditions’ here) by administrative level.

*Figure 3: Activities by Administration Level for Systematic Adjudication and Registration*

The preconditions are a set of activities that must be undertaken prior to commencing SAR. The Ministry must firstly provide cadastral base maps and ground control points, as well as the directives, standards and guidelines that have already been mentioned. For Addis Ababa and the 23 cities chosen for activities to commence in, these activities are largely complete, albeit there are some concerns about the age of imagery.
behind the cadastral base maps (which should be no older than 5 years). MoUDH has commissioned EMA to produce ground control points (GCPs), although GCPs have also been put in place by regional governments – making it difficult in some cases to assess the completion and robustness of this activity. Each Region must then pass a Proclamation to establish the institutions to undertake SAR – typically, though not universally, called the Urban Land Registration and Information Agency (ULRIA). Under Ethiopian civil service practices, the establishment of a new institution requires the completion of business process reengineering (BPR - which defines the institutional structure and staff positions) and balanced score card analysis (BSC - which defines the key productivity expectations for staff). Typically, new buildings are prescribed for the new institutions, including investment in buildings, furniture and equipment. This could be limited in future by adopting existing office space and equipment. As the SAR process is being undertaken through a process of public participation, an important initial activity is also the public awareness campaign.

Whilst elaborating the preconditions, Proclamation 818/2014 provides an overarching framework to register urban landholdings and to create the legal cadastre, there is some variety in approach due to the devolution of responsibilities. Adoption of BPR has been varied across cities and regions and inconsistently implemented. In regions that have undertaken this process, the number of approved positions greatly exceed filled positions, and, arguably, actual required positions.

As highlighted above with the legislative framework, there are challenges in separating institutional responsibilities for right creation and registration. For areas that require regularisation, there is significant duplication of effort. In addition, as SAR only confirms existing rights it is necessary that parcel file information maintained by Cities are readily available to field teams, posing complications with sharing information in a timely manner between agencies. A number of problems associated with file management have been identified – parcel files in poor condition, files missing or missing key information, files ordered by name rather than geographic location – and it has been recognised that file management is an important prerequisite for SAR, requiring the validation and re-sorting of existing parcel files and recording key information in a database and/or GIS application. A file management pilot has been undertaken with considerable success in three cities – Bahir Dar, Dire Dawa and Mekele – and it is recommended that this is scaled out to all cities to facilitate SAR.

Regarding the implementation of SAR itself, the process is set out in Directive 45/2014. Adjudication sectors are limited to 1000 land parcels, with a sector comprising 5 adjudication neighbourhoods of
approximately 200 land parcels each. Once the process is publicly announced for an adjudication neighbourhood, the landholders have a limited period of time to make an application to have their landholding registered. This period of time is 10 days, with a further 5 days provided if there is sufficient reason for the delay. Any landholder who does not apply in this 15-day period cannot participate in the SAR process and must make an individual application for registration through a sporadic process. This itself provides a significant limitation to the success of SAR, with public awareness attempts limited to date in their effectiveness. A further challenge is added in that transfers of landholding title within the adjudication neighbourhood are suspended during the adjudication period, provided that this period is announced to the public prior to work commencement. The period of suspension is specified to be no longer than 5 months, however to date, pilots in Addis Ababa have been unable to be completed in this timeframe – largely due to problems with parcel files and slow submission of forms by the public. There is thus a need to either reform the process – with improved (and standardised) public awareness and file management processes and/or to review and amend the legislation relating to time periods and suspension of transactions.

The date and time for boundary demarcation is specified in the public notice. Following submission of applications, landholders are expected to place marks, clean the area around boundaries and be present on the nominated time to identify their boundaries in the presence of community observers and adjacent landholders. The Directive specifies that the demarcation expert be present on each parcel 3 days prior to demarcation as part of the public awareness activity. Furthermore, landholding boundaries will only be adjudicated in cross-checking the submitted application and supporting documentation with the information provided by the right creation institution (in the parcel file). There is hence a clear need for strong interaction between the registration and rights creation agencies. In particular, Proclamation 818/2014 specifies that ‘no adjudication of a landholding right may be undertaken with respect to any person’s landholding held beyond the legally possessed parcel size’ (Article 14(6)). Any inconsistencies found in the adjudication process cannot be resolved in the field and must be referred to the right creation institution. Whilst the right creation institution has 15 days to respond to queries from the adjudication team, in Addis Ababa this has proved a serious bottleneck, and has proved insufficient time for the rights creation institution to respond (especially without file management having been undertaken). Proclamation 818/2014 Article 14(4) also states ‘unless proved to the contrary, any parcel of land on which a use right has not been created shall be presumed to belong to the government and, upon application, be registered in the name of the organ in charge of administering or developing the land.’ This is a concern given the absence of strong regularisation processes.
Given this process there are a number of gaps (‘holes’) that may remain in the legal cadastre even after SAR has been undertaken. These include:

- Neighbourhood-sized ‘holes’ for areas that are not planned or regularized. In the case of Addis Ababa, it is estimated that there are at least 600,000 parcels but there are only about 400,000 titles in the parcel files.
- Parcel-sized ‘holes’ where a landholder with a title does not apply for adjudication and registration in areas subject to SAR in the 15 days specified
- Parcel-sized ‘holes’ where a landholder who has had a right adjudicated does not apply for registration. This could be significant. In Addis Ababa to June 2016 about 33,000 parcels had been adjudicated and posted, but only about 8,000 had been registered (noting that the difference may be due to other factors such as delays in data entry)
- Parcel-sized ‘holes’, aggregated parcel-sized ‘holes’ and corridors of ‘holes’ along roads, streams etc., where government land is not registered. About 22% of the 71,000 parcels demarcated and surveyed to June 2016 in Addis Ababa, mostly roads, were not ready for registration. This number may also include government land allocated to individuals and kebele housing.
- Parcel-sized ‘holes’ that are disputed or where the right creation institution has not responded to a query in 15 days. In Addis Ababa about 71,000 parcels had been demarcated and surveyed to June 2016 and in reviewing these documents about 6,600 requests for review were sent to the right creation institution. Responses had only been received for about 2,800 parcels. The information is entered into a disputes register but not into the rights register. The process to change the status from a dispute is unclear.
- Sub-parcel-sized ‘holes’ where the right creation institution will not recognize the measurements in the field and insists on only registering the area specified in the parcel file.

Unless a clear process is established to address these identified holes in the urban legal cadastre, achievement of the GTP II goals are likely to be delayed.

5. Capacity and Geodetic and Spatial Frameworks

For the purposes of this paper we will not address the capacity, geodetic and spatial framework categories individually. Capacity will be discussed in the context of Service Provision under implementation in the section below. Capacity has been marked low in the current context, but there is significant scope for improvement with sound processes in place and given the level and extent of training currently available at both tertiary and vocational levels. We believe previous needs assessments undertaken (eg. Orgut, 2010)
have grossly overstated the human resource needs in the surveying and land administration sector, however, consideration of the private sector and strategic forward-thinking is needed.

With regards to the geodetic and spatial frameworks, these are assessed as relatively low with some small improvements possible given current goals and proposed activities under GTP II. There is scope to implement CORS, and significant government interest, but no plans are known, and existing capacity (e.g. within universities) is underutilised. Clear strategic planning is needed for these two categories to be improved. However, these are arguably lower priority given other (institutional and legal) limitations to implementing SAR.

6. Implementing Land Administration Reform
The following section will address the (remaining) five categories shown in Figure 2 for implementation of land administration reform – computerization of records and system, service provision, access to records, geographic cover and land dispute resolution. The focus will be on pilot implementation to date (specifically in Addis Ababa, as the 23 cities previously mentioned have only commenced the preconditions), and will largely focus on the use of the Costing and Financing of Land Administration Services tool developed with UN-Habitat to determine staffing, resourcing and service provision capacity with respect to needs and self-financing.

6.1 Overview of Implementation Status to Date
A key policy objective of the MoUDH is to register urban landholdings, as a foundation for development. An updated Urban Land Development and Management Policy and Strategy Document was prepared in 2013 to support this, and the following ongoing key activities include:

- A program to undertake SAR in Addis Ababa which started in 2015.
- A plan to pilot SAR in the 23 cities with the highest populations across the regions, with a further 30 cities identified by Regional Governments. The 23 cities have to date undertaken the preconditions have not commenced SAR.
- Considerable effort undertaken by MoUDH to develop regulations, directives and standards to support the implementation of Proclamation 818/2014 at Regional and City level.
- Contracting of INSA to develop the CRPRS.
- An as yet unawarded Management Contract to support the implementation of SAR and the CRPRS.
6.2 Computerisation of Records and Systems

A comprehensive ICT report was undertaken as part of the project, which can only be briefly summarized here. The main platform of concern is the Cadastre and Real Property Registration System (CRPRS), which is the strategic national platform for implementation of the legal cadastre in Ethiopia. It is currently being developed by the Information Network Security Agency (INSA) and is due for initial release in the second half of 2017. Once implemented it is intended to replace the existing regional and interim systems for urban land administration within Ethiopia (e.g. AA-CADIS, IULHFMS.) to become the primary repository for urban land registration information. The CRPRS has adopted the Ethiopian Land Administration Domain Model (ELADM) as the core data model.

Of particular interest during discussions and review of the CRPRS was the choice of deployment model, being whether a centralised or decentralised model should be selected. During the ICT review it was noted that Ethiopia suffers from an unreliable power supply and understrength telecommunications infrastructure, however existing centralised IT systems do exist in the form of e-Government services Portal, Ethiopian Airlines and the Integrated Health Management System. For reasons of future-proofing, the location of databases and capacity, a centralised model was recommended, however during the September/October 2016 mission MoUDH and the regional governments agreed in a workshop that CRPRS be deployed on servers in the Regions with a central system in Addis Ababa providing backup. There are no strict arguments against a decentralised approach in the deployment of CRPRS – simply that the approach chosen should be agreed upon by both INSA and IGN International. The telecommunications infrastructure in Ethiopia is weak which is a strong reason for decentralisation in the short-term.

There are some concerns about the on-time delivery of the CRPRS and there is a clear need for greater technical support for the implementing team at INSA as well as for greater interaction between the client, MoUDH and the developer, INSA.

A key finding of the ICT review in June 2016 was that a gap existed in the ICT landscape in relation to systems supporting the systematic adjudication process. None of the existing or proposed systems that were reviewed are ideally suited to support the systematic adjudication process of urban lands within Ethiopia. It is hence recommended that the manual adjudication system be improved and the existing file management pilots be extended with functionality to support SAR.
6.3 Service Provision and Capacity

It is clear throughout the review that the prime responsibility for implementing policy is with the Cities, with guiding support from the Regional and Federal Governments. However, many of the Cities have a relatively small number of properties to administer, based on projections from the latest (2007) Census. Based on the 2007 Census and estimating a 4.5% per annum growth rate, we find that Addis Ababa stands out with an estimated 935,000 properties in 2016. This is comparable with estimates by City government staff. Six other cities are projected to have more than 50,000 properties in 2016, a further 17 are projected to have more than 20,000 properties and a further 47 are projected to have more than 10,000 properties. Hence only 71 cities are estimated to have more than 10,000 properties. This has implications for the actual number and typology of offices agencies should deploy, as well as staffing – particularly in light of CRPRS implementation.

A typology of offices and staffing levels can be created, drawing particularly on the Costing and Financing of Land Administration Services in Developing Countries document (UN-Habitat, 2015). A rough outline of this process is provided below. A particular emphasis on undertaking this process is to determine the ability for ongoing land administration operations to be self-financing.

6.3.1 Estimating staffing needs for ongoing land administration operations

Firstly, we estimate staffing. Staff are required to both create and maintain the legal cadastre. This includes staff to undertake regularisation, file management and systematic adjudication and registration (SAR) as well as to provide land administration services at federal, regional and city level to both government and the general public. For creating the legal cadastre, ideally one or more successful pilots would be undertaken to determine accurately the required number of staff for scaling up. However, in the interim, we believe a reasonable assumption would be that an efficient process in Ethiopia will register 50 properties/person-month (drawing from experiences in Thailand and Romania, documented in CoFLAS). We estimate 4.3 million properties in the major cities in Ethiopia, requiring 86,000 person months. However, if done properly, SAR is a process that is only needed once and there is little need to build capacity in government to complete the task - strategies to use contract labour and/or outsource aspects of the task are worth exploring. Staff will be needed for regularisation and file management, but the majority can be similarly contracted out. If this is undertaken over 5-10 years, we estimate a need for the equivalent of 800 to 1,600 full-time staff. These staff are likely to be mostly contract staff with a core of permanent staff employed by the Cities.
To maintain the legal cadastre then, the level of staffing required will vary depending on a number of factors, including:

- decisions on where offices that are going to provide services are to be located,
- the types of services that are to be provided,
- the level of automation/computerisation of the process and existing records and
- whether the services are to be provided internally or partially outsourced.

In many countries cadastral surveying is not provided by government, hence services may be at least partially outsourced. CoFLAS sets out the following table as a basis for estimating staffing requirements.

**Table 4: Basis for Estimating the Total Staff Requirements under CoFLAS**

<table>
<thead>
<tr>
<th>Number of staff in the office</th>
<th>High Level of Staffing/Office</th>
<th>Medium Level of Staffing per Office</th>
<th>Low level of staffing per office</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of management/ administration/other non-technical staff relative to total registration and survey/cadastre staff</td>
<td>About the same as the number of registration and survey/cadastre staff</td>
<td>About half the number of registration and survey/cadastre staff</td>
<td>About 10% of the number of registration and survey/cadastre staff</td>
</tr>
<tr>
<td>Registration staff per 100,000 properties covered by the office</td>
<td>Manual records, complicated registration process, limited role for private sector</td>
<td>Efficient registration process, possibly computerised, limited role for private sector</td>
<td>Computerised records, efficient registration process, substantial role for private sector</td>
</tr>
<tr>
<td>Survey/cadastre per 100,000 properties covered by the office</td>
<td>Survey/cadastre not automated, limited role for private sector</td>
<td>Survey/cadastre automated, limited role for private sector</td>
<td>Survey/cadastre automated, limited role by government</td>
</tr>
<tr>
<td>10</td>
<td>5</td>
<td>3</td>
<td>0</td>
</tr>
</tbody>
</table>

Using this, we can estimate staffing for legal cadastre offices providing services at city level, noting the need for additional staff at Federal and Regional level to provide support (these staff are largely already in place). It should be noted that these numbers significantly contrast with current positions and projections – both of staffing and training needs – however are more in line with currently filled positions, where city agencies exist and have undertaken the BPR process. Meeting these staffing needs would require implementation of the CRPRS (although this may –ultimately - even further reduce staffing requirements) and would significantly reduce operating costs compared with existing projections.
Table 5 - Estimated staff required to provide legal cadastre services in the 200 major cities

<table>
<thead>
<tr>
<th></th>
<th>Staffing (manual process, high level of management)</th>
<th>Staffing (automated process, medium level of management)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mgr &amp; Admin</td>
<td>Regis.</td>
</tr>
<tr>
<td>Addis Ababa (10 Sub-Cities)</td>
<td>200</td>
<td>100</td>
</tr>
<tr>
<td>23 Cities</td>
<td>280</td>
<td>140</td>
</tr>
<tr>
<td>Next 176 cities</td>
<td>281</td>
<td>320</td>
</tr>
<tr>
<td>Total</td>
<td>761</td>
<td>560</td>
</tr>
</tbody>
</table>

6.3.2 Estimating required office space

With estimates of staffing made, consideration can be given to the necessary office space. Whilst there are no global standards on office space, many government agencies internationally have established guidelines for office space allocation. The approach adopted in CoFLAS suggests an estimate of the likely office space required for LAS based on estimated staff, with an allowance for a visitor/customer area plus an allowance for a record storage area:

a) General working space: 10 m$^2$/estimated staff in the office, plus
b) Front office for visitor/customer traffic and waiting areas, information/assistance areas: 20 m$^2$; and
c) Record storage area based on the estimate for the number of properties in the area covered by the office. An initial estimate suggests that 600 parcel files/m$^2$ might be an appropriate assumption.

Given projected numbers of registered properties in urban centres, we suggest an approach that develops a limited number of standard office types – i.e. standards for offices with 100,000, 50,000 and 10,000 properties to cater for, as well as other arrangements for towns with less than 10,000 properties. These standards would cover office space, staff, equipment and other key resources.

The following office typology is proposed as an initial suggestion for reasonable staffing levels for 5 office typologies under two scenarios based on high and medium staffing levels under CoFLAS.
6.3.3 Determining self-financing arrangements

The provision of land administration services is typically a public service provided by government. Land sector agencies in many developing countries face many challenges including the ability to provide affordable, cost-effective, efficient and sustainable services. However, if the land sector agency is in fact providing services that are valued by their clients, then the clients will pay for the services. In most countries, the annual fees and charges collected by the land sector agency exceed the annual operating costs. The land sector agency in many countries operates under a self-financing arrangement with the agency able to retain some or all of the collected fees and charges to pay for some or all operating costs. There are obviously checks and balances on what fees and charges can be levied, what funds can be retained and what these retained funds can be used for.

As Ethiopia plans the roll-out of the legal cadastre for urban centres throughout the country, the adoption of a self-financing arrangement will provide a useful framework to ensure that the investment in the infrastructure and capacity is sustainable. In applying a self-financing arrangement, we need to review the expected revenue under various scenarios and work out the best way of providing services using the available revenue. The information gathered in preparing CoFLAS provides the basis for this analysis. Standards for payments under the legal cadastre are set out in Standard 6/2015 which became effective in January 2015. There are two types of payments under the standard: (i) payment for sporadic registration; and (ii) payment for landholding certificate (both by sporadic and systematic adjudication). Sporadic first registration is a one-off fee that does not contribute directly to the long term sustainability of offices providing legal cadastre services, so we will not use this to project future income.

The fees for landholding certificates specified in Standard 6/2015 are:
(a) For first time issuance: 10% of the cost of printing the 2 copies of the certificate
(b) Request for replacement of certificate: as above plus the cost of public notice
(c) Registering mortgages/debts and injunction orders: cost of application form plus service cost
(d) Bank file verification: cost of forms plus service cost.

Unfortunately, the standard does not provide clear guidance on the fees that might be charged.

The actual revenue that might be collected from offices providing legal cadastre services will depend on a number of factors, including: the number of properties covered by the office; the types and values of the properties covered by the office; the level of market activity; the schedule of fees and charges; and the level of participation in the formal system. The review of well-established land administration systems undertaken in the development of CoFLAS provide some parameters that could be used to predict future revenue for the legal cadastre in Ethiopia. These parameters included:

(a) Property turnover (that is the number of registered transfers per annum per registered property) ranged from 3% to 6.1%
(b) The revenue from registered transfers as a percentage of total revenue ranged from 52% to 68%,
(c) The revenue from registered mortgages as a percentage of total revenue ranged from about 30% to 33%.

The taxes, charges and fees for the registration of a transfer are typically based on the value of the property. Based on international experience, systems to register property transfers with total taxes, charges and fees of up to 5% of property value operate fairly successfully with good participation. Above this rate, problems start to occur such as lack of participation, under-declared property values or the use of other mechanisms such as irrevocable power of attorney to transfer property outside the formal system. The structure of the taxes, charges and fees levied under the different jurisdictions varies globally. Taxes, which may include stamp duty, actual or deemed capital gains taxes, and other taxes such as idle land taxes or speculation levies for property held for short periods, typically constitute much of the total cost to the applicant for the registration of a transfer. The fee for registration, which is typically set to recover the cost of providing the service, is generally in the range of 0.1 to 1.0 percent of the property value.

There will always be a wide range in property values but as a base projection, the following estimates for property values have been used here:
(a) In regional cities, such as Bahir Dar, the average price of residential property, commercial property and mixed services such as offices are 1.5m birr, 4.0m birr and 2.5m birr respectively
(b) In Addis Ababa the average value of residential property, commercial property and services such as offices are 2.5m birr, 7.0m birr and 4.5m birr respectively.

The average property values will depend on the mix of residential, commercial and office properties. Table 8 illustrates the average property values based on the above estimates under three different mixes of the three property types.

**Table 7: Estimation of average property values**

<table>
<thead>
<tr>
<th>City</th>
<th>Property Types (value birr)</th>
<th>Mix of Property Types (value birr)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Residential</td>
<td>Commercial</td>
</tr>
<tr>
<td>Addis Ababa</td>
<td>2,500,000</td>
<td>7,000,000</td>
</tr>
<tr>
<td>Regional City (Bahir Dar)</td>
<td>1,500,000</td>
<td>4,000,000</td>
</tr>
</tbody>
</table>

Table 9 then estimates the average revenue per registered property using the most conservative values in the above table for a range of turn-over, fee rates and percentage of revenue from transfers. Note that the turn-over rates and fee rates are relatively low and thus the estimates in this table are considered conservative.

**Table 8: Estimation of average revenue per registered property**

<table>
<thead>
<tr>
<th>Average Property Value</th>
<th>Turnover</th>
<th>% revenue from transfers</th>
<th>Transfer fee</th>
<th>Estimated Annual Revenue/Registered Property</th>
</tr>
</thead>
<tbody>
<tr>
<td>3,500,000</td>
<td>3%</td>
<td>50%</td>
<td>1.0%</td>
<td>2,100</td>
</tr>
<tr>
<td>2,000,000</td>
<td>3%</td>
<td>50%</td>
<td>1.0%</td>
<td>1,200</td>
</tr>
<tr>
<td>3,500,000</td>
<td>2%</td>
<td>50%</td>
<td>1.0%</td>
<td>1,400</td>
</tr>
<tr>
<td>2,000,000</td>
<td>2%</td>
<td>50%</td>
<td>1.0%</td>
<td>800</td>
</tr>
<tr>
<td>3,500,000</td>
<td>1%</td>
<td>50%</td>
<td>0.5%</td>
<td>350</td>
</tr>
<tr>
<td>2,000,000</td>
<td>1%</td>
<td>50%</td>
<td>0.5%</td>
<td>200</td>
</tr>
<tr>
<td>3,500,000</td>
<td>1%</td>
<td>60%</td>
<td>0.5%</td>
<td>292</td>
</tr>
<tr>
<td>2,000,000</td>
<td>1%</td>
<td>60%</td>
<td>0.1%</td>
<td>33</td>
</tr>
<tr>
<td>1,000,000</td>
<td>1%</td>
<td>50%</td>
<td>0.1%</td>
<td>20</td>
</tr>
</tbody>
</table>
Table 10 sets out the projection of the total annual revenue from legal cadastre offices with varying numbers of properties where the average revenue/registered property is 20, 200, 500, 1,000 and 2,000 birr/registered property.

Table 9: Projection of total annual revenue from legal cadastre offices across varying number of properties

<table>
<thead>
<tr>
<th>Number of Properties</th>
<th>Total revenue (at 20 birr/property)</th>
<th>Total revenue (at 200 birr/property)</th>
<th>Total revenue (at 500 birr/property)</th>
<th>Total revenue (at 1,000 birr/property)</th>
<th>Total revenue (at 2,000 birr/property)</th>
</tr>
</thead>
<tbody>
<tr>
<td>5,000</td>
<td>100,000</td>
<td>1,000,000</td>
<td>2,500,000</td>
<td>5,000,000</td>
<td>10,000,000</td>
</tr>
<tr>
<td>10,000</td>
<td>200,000</td>
<td>2,000,000</td>
<td>5,000,000</td>
<td>10,000,000</td>
<td>20,000,000</td>
</tr>
<tr>
<td>20,000</td>
<td>400,000</td>
<td>4,000,000</td>
<td>10,000,000</td>
<td>20,000,000</td>
<td>40,000,000</td>
</tr>
<tr>
<td>50,000</td>
<td>1,000,000</td>
<td>10,000,000</td>
<td>25,000,000</td>
<td>50,000,000</td>
<td>100,000,000</td>
</tr>
<tr>
<td>75,000</td>
<td>1,500,000</td>
<td>15,000,000</td>
<td>37,500,000</td>
<td>75,000,000</td>
<td>150,000,000</td>
</tr>
<tr>
<td>100,000</td>
<td>2,000,000</td>
<td>20,000,000</td>
<td>50,000,000</td>
<td>100,000,000</td>
<td>200,000,000</td>
</tr>
<tr>
<td>200,000</td>
<td>4,000,000</td>
<td>40,000,000</td>
<td>100,000,000</td>
<td>200,000,000</td>
<td>400,000,000</td>
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<tr>
<td>500,000</td>
<td>10,000,000</td>
<td>100,000,000</td>
<td>250,000,000</td>
<td>500,000,000</td>
<td>1,000,000,000</td>
</tr>
</tbody>
</table>

Once the initial investment in establishing the legal cadastre and undertaking SAR has been made, the major on-going operational cost will be salary costs. Table 11 summarises the average monthly salaries of key staff.

Table 10: Average monthly salaries of key staffing positions

<table>
<thead>
<tr>
<th>Position</th>
<th>MoUDH</th>
<th>Addis Ababa</th>
<th>Bahir Dar</th>
</tr>
</thead>
<tbody>
<tr>
<td>Director</td>
<td>6,362</td>
<td>8,200</td>
<td>6,547</td>
</tr>
<tr>
<td>Surveyor</td>
<td>5,635</td>
<td>5,300</td>
<td>3,500</td>
</tr>
<tr>
<td>GIS expert</td>
<td></td>
<td>7,200</td>
<td>3,909</td>
</tr>
<tr>
<td>Lawyer</td>
<td>5,635</td>
<td>5,565</td>
<td>3,909</td>
</tr>
<tr>
<td>Clerk</td>
<td>3,000</td>
<td>3,200</td>
<td>2,008</td>
</tr>
<tr>
<td>Assistant</td>
<td></td>
<td>3,000</td>
<td></td>
</tr>
<tr>
<td>Contract Worker</td>
<td></td>
<td></td>
<td>80 birr/day</td>
</tr>
</tbody>
</table>

Although salary costs will be a major part of the on-going operational cost of the legal cadastre, there will be other costs for ICT, materials and operating costs etc. In CoFLAS it can be seen that the salary and related social costs ranged internationally from about 37% to 67% of the total annual operating costs. A range of staffing requirements are modelled in CoFLAS for an office with 100,000 properties. The most labour intensive is one for a high level of staffing in the office with a very manual process. This required 20 management/administration staff, 10 registration staff and 10 surveyors. It should be noted that MoUDH
is planning for a significant investment in computerised systems so this level of staffing is likely to be more than will be required once the CRPRS is installed and operating. The table below uses the average salary information and this level of staffing to project the total annual operating cost of an office with a range of non-salary operating costs.

Table 11: Projection of total annual office operating costs

<table>
<thead>
<tr>
<th>Salaries</th>
<th>Number</th>
<th>Monthly Salary</th>
<th>Salary on-Costs</th>
<th>Annual Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management staff</td>
<td>20</td>
<td>7,000</td>
<td>30%</td>
<td>2,184,000</td>
</tr>
<tr>
<td>Registration Staff</td>
<td>10</td>
<td>6,000</td>
<td>30%</td>
<td>936,000</td>
</tr>
<tr>
<td>Survey staff</td>
<td>10</td>
<td>6,000</td>
<td>30%</td>
<td>936,000</td>
</tr>
<tr>
<td>Sub-Total (salaries)</td>
<td>40</td>
<td></td>
<td></td>
<td>4,056,000</td>
</tr>
<tr>
<td>Total cost (salary 40% of cost)</td>
<td></td>
<td></td>
<td></td>
<td>10,140,000</td>
</tr>
<tr>
<td>Total cost (salary 50% of cost)</td>
<td></td>
<td></td>
<td></td>
<td>8,112,000</td>
</tr>
<tr>
<td>Total cost (salary 60% of cost)</td>
<td></td>
<td></td>
<td></td>
<td>6,760,000</td>
</tr>
<tr>
<td>Total cost (salary 80% of cost)</td>
<td></td>
<td></td>
<td></td>
<td>5,070,000</td>
</tr>
</tbody>
</table>

Hence, with the above estimates, the annual operating costs for an office with 100,000 properties is estimated to range from about 5 to 10 million birr. As noted above, the projected revenue for an office with 100,000 registered properties was estimated at between 2 and 200 million birr (a large range that arises from differing assumptions on the average property value, the rate of annual turnover of properties and the rate charged for registering a transfer). These numbers indicate that provided steps are taken to get adequate revenue, setting the fee for a transfer to be in the range 0.5 to 1.0 percent of the property value, the legal cadastre should be able to operate under a self-financing arrangement, even with the added cost of establishing the security fund that is provided for in Proclamation 818/2014. This is particularly so as the staffing in an office equipped with CRPRS is likely to be significantly less.

6.4 Geographic Cover

As detailed above, the Ministry of Urban Development and Housing has developed an ambitious agenda of activities to support GTP II, including the adjudication and registration of 1.6 million and 1.2 million landholdings respectively, across 91 cities in five years – with 200,000 adjudicated and 150,000 registered in just the first year across the identified 23 cities. There are solid plans and strong government will to achieve mass systematic adjudication and registration of urban areas in Ethiopia, however the legislative, institutional and organisational challenges highlighted should be addressed in order to achieve these targets.
Without addressing these concerns, and without strong project management, it is unlikely that the targets will be achieved within the proposed timeline.

6.5 Land Dispute Resolution

Provisions for dispute resolution are included in Proclamation 818/2014 and Directive 45/2014. SAR can only commence in an adjudication neighbourhood when an Adjudication Grievance Handling Tribunal is established in the adjudication sector and Community Observer Teams are established at neighbourhood levels. Public awareness is a precondition, however has been undertaken with limited success to date – clearer and well-tested procedures are required.

Following the completion of adjudication in an adjudication neighbourhood, the completion is announced publicly. Any person aggrieved by decisions made in adjudication has 15 days to make an appeal, with these appeals to be resolved by the Adjudication Grievance Handling Tribunal.

The process could be enhanced by a policy to provide a range of dispute resolution services, including alternative dispute resolution (ADR). Clearer policies and guidelines on land regularization would also improve this.

7. Conclusions and Next Steps

The above represents a selected summary of an Issues and Policy Recommendations report prepared as part of a diagnostic mission with the World Bank to evaluate the urban legal cadastre pilot projects underway and to develop policy recommendations based on key issues identified. That report is also accompanied by and aligned with a Project Design Document, prepared in collaboration with MoUDH, with clear and costed activities identified to rapidly progress the aim of scaling up pilots to establish the urban legal cadastre in Ethiopia. The selected summary has been presented based on a normative model for land administration drawn from the Doing Business methodology and has particularly focused on the key process, institutional and legal reforms necessary to rapidly and efficiently implement systematic adjudication and registration (SAR). The second part of this document has focussed on implementing a part of the CoFLAS methodology to determine staffing and office needs and typologies, ultimately determining that it is possible for ongoing operations to be self-financing.
8. References


FAO 2002 Land tenure and rural development Available at http://www.fao.org/docrep/005/Y4307E/y4307e05.htm#bm05.2 Accessed 15 February 2017


