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ASSESSMENT OF COMMUNITY INVOLVEMENT AND COMPENSATION MONEY UTILIZATION IN ETHIOPIA: CASE STUDIES FROM BAHIR DAR AND DEBRE MARKOS PERI-URBAN AREAS

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Abstract

In this study mainly the involvement of the community during expropriation, and the compensation money utilization of the expropriated farmers in Ethiopia are assessed taking Bahir Dar and Debre Markos peri-urban areas as case studies. The data were collected by using survey research methods and mainly the data were analyzed by means of descriptive statistics. According to the study results, there is high land tenure transformation in the study peri-urban areas during the study periods. Even though the majority of the expropriated farmers got compensation payments, most farmers did not use their compensation money to alternative income generating businesses. Just payment of compensation shall not be an end by itself but the necessary technical and administrative support is detrimental for the proper utilization of the compensation money. Besides, Communities affected with expropriation should effectively participate in the processes of expropriation and compensation in order to reduce the externalities of the process.

Keyword: Compensation; Expropriation; Ethiopia; Involvement; Support

1. Introduction

Though Ethiopia is considered as one of the least urbanized countries even from Sub-Saharan Africa (UNHABITAT, 2008) due to the majority of its populace being rural dweller, currently there is high rate of urban expansion (Agegnehu, et al., 2015). This high rate of urban expansion caused high land tenure transformation and land use dynamics. Land especially in the peri-urban areas is subjected to high expropriation for different urban land uses.

When land is expropriated for urban expansion, considering participatory land expropriation procedures and adequate compensation payments are essential. Landholders should get adequate compensation for the land taken. They would not be hurt as well as they would not gain extra benefits at the expense of others (Keith et al., 2008; FIG, 2010). It is a legal requirement of many countries that fair and reasonable compensation has to be paid to parties affected by expropriation and this is also detrimental for the sustained development of a nation (Hui et al., 2013). But, in most East African countries it is observed that expropriation procedures are not transparent, compensation payments either are not paid or inadequate, and participation of the affected property holders is missing (UNECA, 2010). As observed by Yirsaw (2013:3), at the current situation when the majority of the populace is living in rural areas, urbanization in Ethiopia is “not only necessary but also unavoidable activity”. Thus, the expansion of the urban will continue. Urban administrative bodies are expropriating peri-urban land and the displacement of the peri-urban farmers is increasing. Expropriation may be beneficial to the society but it disrupts those who surrendered land, and the problem becomes worse if sound expropriation and compensation system is not in use. In the absence of adequate compensation payment, expropriation leads to landlessness, endangers the livelihoods and exacerbates poverty of the expropriated peri-urban subsistence farmers (Larbi et al., 2004). Inadequate compensation payments (Yirsaw, 2013; Fransen, 2008) and lack of delivering the necessary support on compensation money utilization (Kasa et al., 2012) are suggested as critical problems for expropriation processes in Ethiopia.

The displaced property holder shall thus be properly compensated for the losses he/she suffered due to expropriation. For the sake of this designing fair and appropriate expropriation system is of paramount importance. Not only the expropriation procedures but also the practice of expropriation and compensation as well as the support delivered to expropriated farmers should be studied and corrective measures be taken in order to enable the expropriated farmers economically sustained. Compensation payment for displaced landholders must not only be made just but it shall serve the desired objectives of it, i.e., especially it must enable those who surrendered land to gain equitable benefits that they lost from the land (Knetsch, 1983; Keith et al., 2008). As stated above, the majority of Ethiopian populace is peasant and agriculture is the basic asset of the economy. So, if the issues concerning land expropriation and compensation are not properly addressed, serious socio-economic

problems will arise affecting the livelihood of the peri-urban farmers and the stability of the nation. This study is designed to assess the participation of the affected community in expropriation practices and how the paid compensation money is being utilized by the victims of expropriation.

2. Literature review

Property rights can be owned or possessed by individuals with usufruct rights depending on the legal context of the country. Ownership rights allow the right of alienation of property rights whereas, possession rights cannot permit alienation and are considered as ill-defined rights. Even if relatively high differences can be observed between these two rights, property rights are not absolute since governments expropriate land for public purposes payment of just compensation (Knetsch, 1983). That is, the state has overriding interest on property rights in order to construct infrastructures and public facilities, to make necessary adjustments on economic and social inefficiencies in private and market operations and to balance the power difference between poor and elite groups in resource utilization (Larbi, et al., 2004).

The process of taking private property for public purposes has different connotations in different countries. For instance, the term *expropriation* is most commonly used in Continental Europe, whereas *Eminent domain* (United States); *compulsory purchase* (United Kingdom); *resumption/compulsory acquisition* (Australia) and *resumption* (Hong Kong). In this study, the term *expropriation* is preferentially used.

Expropriation is the power of taking real property rights mostly by the government without the consent of the owner, normally paying of compensation when that land is required for public purposes (Keith et al., 2008). This power is often necessary for the socio-economic development and environmental protection of a country, but it should balance the public and private interests since it adversely affects the land tenure security if not properly implemented (Keith et al., 2008; Williamson, et al., 2010; FAO, 2008). Expropriation is a vital tool for most countries when they require land for public purposes. Though land can also be arranged by other means such as voluntary agreements (FIG, 2010), a government cannot rely only on voluntary transactions for the timely implementation of different infrastructures and facilities which are important for the socio-economic development of a country (Keith et al., 2008). When land is expropriated for public purposes, adequate compensation should be paid (FIG, 2010). This has been enacted at international level as a human rights issue.

At international levels, the payment of compensation during expropriation of land for public purposes has been addressed not only as an economic but also as a human rights issue, since property rights determine the livelihood of the people. The International Human Rights Law (Article 17 of UN, 1948) sets the principle that “everyone has the right to own property alone as well as in association with others” and that “no one should be arbitrarily deprived of his property”. “Land rights as a human right

are described as components of the right to an adequate standard of living, which entails the right to adequate housing, and the right to adequate food” (Šumrada et al., 2012:14). So, it is an international covenant to provide “effective remedy” for the evicted property owners during expropriation (Article 2:3a of UN, 1976). In implementing this international law, different regions and countries have taken various measures. On the European level, European Convention on Human Rights (1951) states about the protection of the private possessions and dictates that if depriving of property on public interests is required; this has to be according to the law and to the guiding principles of international law.

Developing countries, for most of which, land is the basic asset of the economy and the basic means of livelihood for the society, are also expected to use this international law as a guiding principle. But because of different reasons, most countries have different laws to govern their land. For instance, Eastern African countries have different legal systems to govern land depending on their historical, cultural religious norms (UNECA, 2010).

In order to guarantee adequate compensation, the designing of sound valuation system is very essential. Valuation systems for compensation principally can be based on market value under current use or expected value increases due to change of the current land use (Miceli, 1993; Kalbro et al., 2011). The current value of the property is the market price of the property at the time of expropriation whereas the future value of the property takes into consideration the expectations of the value of the property to the future. However, the most commonly used payment of compensation is based upon current market value (Kakulu, 2008). Market value is the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s length transaction after proper marketing, wherein the parties had each acted knowingly, prudently and without compulsion. The three conventional approaches in order to estimate the market value of real properties are the sales comparison approach, the cost approach and the income approach (Ling and Archer, 2005:193). The sales comparison approach is a valuation system to estimate the value of the subject property with the price of similar recently sold properties. This system of valuation can be applicable when sufficient data on the recent market transactions are available. The cost approach of valuation is a valuation system based on the replacement cost of the property. It assumes that the market value of a new building is similar to the cost of constructing it today. The income approach can be used to value commercial and agricultural properties. It can also be used as a substitute of comparable sales approach in situations of low market transactions.

In Ethiopian, the legal basis for expropriation of land is enacted in the 1960 Ethiopian Civil Code. For instance, in article 1460 of the civil code, it is stated that the expropriation proceedings can be applied when land is required for public purposes. Again the compensation payments for real property are enacted mainly from article 1470 – 1479. As stated in these articles of the code, not only personal property but also real property compensation is legally permitted. The compensation can be either

payment of money or another land, but in whatsoever it may be, as stated in Article 1474 of the code, it has to be equal in value to what is expropriated or to the actual damage occurred. However, during the *Derg* regime, the government handled expropriation by enacting land reform proclamation (Proclamation No 31/1975). In this proclamation, the rules about expropriation and compensation in the civil code are not followed.

During the *Derg* regime, the power of expropriation was vested to the government as clearly stated in proclamation 31/1975. In Article 17:1, it is stated that “the government may use land belonging to peasant associations for public purposes such as schools, hospitals, roads, offices, military bases and agricultural projects”. That is the state was the sole expropriator of land without any compensation.

The current expropriation as well as valuation and compensation systems are set in proclamation 455/2005 and in the subsequent regulation of the proclamation (Regulation 135/2007). The power of execution of the proclamation has been decentralized to the lower administrative bodies. That is the wereda rural and urban administration offices can undertake expropriation when a need of land arises up on payment of compensation. When land is required for urban expansion the urban administration office makes decisions and the urban municipality facilitates activities for expropriation. This procedure is similar for rural areas with the rural administration and land administration offices as counterparts.

A landholder can receive compensation for the “properties situated on the land and permanent improvements he made on that land” (Article 7:1, 455/2005). The method of valuation for the properties situated on the land as stated in (Proclamation 455/2005) is based on replacement cost of the property whereas, valuation for permanent improvements takes into account the value of labor and capital spent to establish these improvements. If the property has to be erected in another area and functions as before, “the cost of removal, transportation and erection shall be paid as compensation for a property that could be relocated and continue its service as before” (article 7:5 of 455/2005). The expropriated landholder who permanently lost his land also gets “displacement compensation” which is ten times of the previous five years average annual income (article 8 of 455/2005). That is corresponding to the value of the crops obtained from that land within the previous five years. The value is calculated annually based on the timely market price and the average value of the last five years is calculated. This average value is multiplied by 10 and that amount of compensation money is paid to the expropriated property holder.

3. Study areas and methodology

3.1. Study areas

The research is conducted in the peri-urban areas of Bahir Dar and Debre Markos. Mainly the data for the research are collected in peri-urban areas of these cities within 5 kilometer radius from the built-

up areas. The general land use pattern of the study areas is dominated by a heterogeneous mosaic of agricultural, forestry, meadow, and residential land use types whereas each study area has its own local characteristics.

Bahir Dar (located 11°36' North 37°23' East, with an elevation of 1840 masl) is the capital city of Amhara National Regional State (ANRS) of Ethiopia. It is located to the southern shore of Lake Tana in the western part of ANRS, and in the North Western part of Ethiopia. The name Bahir Dar, which is synonymous with 'Sea Shore', is derived from the proximity of this city to the lake. Topographically, Bahir Dar is located more or less in a flat terrain, though there are some slopes to the western and eastern peripheries. The city has an average temperature of 17.5°C, although the maximum sometimes reaches to 29°C (Haregeweyn, et al., 2012). The historical foundation of the city was inherently linked with the establishment of Kidane Mihret church in the 14th century (Haregeweyn et al., 2012). The modern development of the city began in the 1930s after the Italian occupation. The city had been used as a military base during the occupation, and as a result construction of an airport, army camps, administrative offices, residential housing and business centers had been launched. After the Italian force crushed, Bahir Dar became the place of the wereda (lower administrative organization) administration, then the capital of the Awraja (administrative organization above wereda), and finally the capital city of the ANRS of Ethiopia.

Debre Markos, which is located in the southern part of ANRS and 300kms in the North West direction from Addis Ababa, at 10°20' North and 37°43' East with an elevation of 2440 masl, is the capital of East Gojam administrative zone. Topographically, Debre Markos has a mixed scenario of flat and sloppy terrains. The historical foundation of Debre Markos was in 1852 by Dejazmach Tedla Gualu, who was administrator at that time. The initial name of Debre Markos was Menkoror. This name was changed to Debre Markos by King Tekle Haimanot after its principal and historical church constructed in 1869 and was dedicated to St. Mark. Debre Markos was the capital of Gojjam province during earlier times (imperial and for most of the *Derg* regime). In 1958, Debre Markos town was one of the 27 towns ranked as first class Township in Ethiopia.

3.2. Methods of data collection

The survey data collection technique is employed to collect data in this research. Survey is the most widely used data gathering technique in many fields and it is used to measure many variables, test hypothesis, and infer temporal order about past behavior, experience, or characteristics. The techniques of data collection in survey research can be face-to-face interviews, telephone interviews, mail questionnaire, self-administered questionnaire, and web surveys. From these techniques this research has used a researcher administered questionnaires and face-to-face-interviewing. Face-to-face interviews and self-administered questionnaires are the two most commonly used techniques in order to collect data in survey research. The face-to-face interview has been used to collect data from

farmers whereas self-administered questionnaire is used to collect data from experts. Respondents for face-to-face interviews were selected from the peri-urban household lists in both of the two study areas. To assess the expropriation and compensation practices, the sample constitutes 269 respondents from households whose land is expropriated especially from the time ANRS launched administering rural land by enacting Proclamation 46/2000 up to 2014. Mainly for the assessment of expropriation and compensation practices, expropriated farmers are face-to-face interviewed and necessary data gathered.

In addition to face-to-face interviews, in both study areas written questionnaires were used to assess the opinions of experts engaged in land administration. The main purpose of this questionnaire was to understand the opinion of experts about the current compensation payments and compensation money utilization. These respondents are experts who have responsibility in land administration. Most were engaged in valuation and compensation committees during expropriation processes. It is important to obtain the views of these experts in order to formulate recommendations which will improve the current problems associated with compensation payments and compensation money utilization.

4. Results and discussion

4.1. Land expropriation and peri-urban land transformation

In Ethiopia, expropriation is the only means of land acquisition for public purposes as purchase of land is legally prohibited. Therefore, government is the sole supplier of land needed for urban expansion by means of expropriation. Expropriation principally had been used for public infrastructures and facilities like public roads, parks, schools and health care (Williamson, et al., 2010; FAO, 2008). The current main segment of expropriation in the study peri-urban areas is in order to cater land required for urban expansion. Up on the expropriation of land, municipalities transfer the land to different parties for development. This can be done either by administrative allocation or through lease agreements. Previously land for different purposes was transferred to acquiring persons freely by administrative decisions. Currently the urban land is not allowed to be held without lease and the lease price can be determined by tender auction (Proclamation 721/2011). Land price is determined based on a competitive basis with tender. So, land transfer by lease agreements is principally based on market value. But as being observed in the competition, normally the high lease price is not affordable with the low income urban people. This competition is catering rich people and even these people are making the competition fierce. Consequently, the government is designing a system which enables the poor to get land for housing by administrative decisions. Whatsoever the transfer might be, land in peri-urban areas is under high rate of transformation from agricultural to urban land use types (Agegnehu, et al., 2015). The 269 expropriated respondents interviewed for this study had lost 441 parcels which constitutes about 258 hectares of land due to expropriation as a consequence of urban expansion. On average, every respondent has lost about 0.96 hectare of land.

Accordingly, the average landholding of these farmers has been reduced nearly by half and their current average landholding is about 0.97 hectare.

The reduction of the landholding in peri-urban areas as consequences of expropriation due to urban expansion also has been noted by other similar studies conducted in Ethiopia. For instance, Haregeweyn et al. (2012) have noted that from their Bahir Dar peri-urban study households, on average every respondent has lost 0.89 hectare of land. Other studies conducted in peri-urban areas of Addis Ababa city also have noticed that due to expropriation as a consequence of fast rate of urban expansion, the landholdings of peri-urban farmers have been substantially reduced (Tadele, 1999; Abdissa, 2005; Kasa et al., 2012; Nigusie, 2011). For instance, Nigusie (2011) gave evidence that due to expropriation conducted from 2006-2010 in Sebeta peri-urban area of Addis Ababa, each respondent has lost substantial hectare of land. According to his study results, about half of the respondents have hold and work on less than 1 hectare of agricultural land. Kasa et al. (2012) also have observed that Addis Ababa city built-up area is expanding dramatically with a characteristic of horizontal spatial expansion consuming many hectares of agricultural and forest land. Thus, the result of this study and also the review of other similar studies indicate the existence of high land tenure transformation in peri-urban areas of Ethiopia due to the current fast rate of urban expansion.

The pressure that the expansion of the urban posed is not only reduction of landholdings in peri-urban areas, but also there are farmers who lost all of their landholdings. In the peri-urban areas of this study, about 3% of the respondents have replied that they lost almost all of their landholding as a consequence of urban expansion. Their livelihoods now depend on land rental transactions and daily labor works. This loss of landholding due to expropriation for urban expansion has noted by other scholars too. For instance, Tadele (1999) has assessed the impact of real estate projects in the peri-urban land tenure and the livelihood situation of dispossessed farmers in peri-urban Addis Ababa. Fransen (2008) also have observed this high rate of land transformation from agricultural land to urban land in Ethiopia as a consequence of urban expansion. But when the development of the expropriated land is assessed, it has speculative nature especially those lands to be used for industrial purposes.

Strengthening micro and small-scale manufacturing enterprises has been given due attention in Ethiopia both in its previous plans and in the first five years growth and transformation plan. These enterprises are promoted in order to create job opportunities and prosperity in the country. Because of the great desire of agriculture led industrialization in Ethiopian, the government motivates internal as well as external investors to realize their project ideas of establishing industries. Accordingly, priority is given in delivering land for them. But some of the investments are speculative, resulting in a transformation of agricultural land to unused land (Fransen, 2008). So, the land can be put idle for

years without being used to any function. Such kinds of parcels are observed in both study areas. But the management and utilization of such land have locational variations.

In Bahir Dar, these areas are temporarily utilized, whereas the situation is different in Debre Markos. The municipality of Bahir Dar has allowed the farmers to cultivate the land until the launch of the development. In Debre Markos peri-urban areas, these speculated parcels are kept bare. Most of the respondents in Debre Markos raised their complaint saying that their productive agricultural land is expropriated but kept idle without launching any development on it. They also explained that they asked the municipality to allow them to use the land temporarily until it is to be used for development but they were prohibited from cultivating. This issue was discussed during the field study with Debre Markos municipality process owner. He argued that they cannot allow farmers to cultivate the land once the compensation is paid as the developers may not be patient to wait until the crop is harvested. Some experts' opinion is also similar. Both the municipality experts and management are ambitious to attract investors by on time delivery of land.

4.2. Community participation in expropriation and compensation

Community participation in land expropriation and compensation builds trust and reduces land disputes (Kakulu, 2008). Accordingly, communities affected with expropriation should effectively participate in the processes of expropriation and compensation (Keith et al., 2008). But there is great gap in the participation of the affected people in expropriation and compensation practices as assessed in this study. Of course, as observed by Ambaye (2013), in general the Ethiopian expropriation proclamation by itself has short comings in clearly dictating the procedural steps to be followed. But, from rights perspective, at least it is clearly stated in the proclamation that expropriated landholders must be informed with written letter about the expropriation of their parcels. Involvement of the landholders to be expropriated in expropriation and compensation practices is also beneficial to gain the necessary information to be considered during valuation. However, respondents described that there were few discussions during the expropriation process. Instead of the involvement of the community, local representatives represented the society during expropriation and compensation processes. The valuation committees conducted the valuation process of expropriated parcels and improvements involving local administrative bodies. Then the amount of compensation money to be paid was posted to the kebele office. Other studies have also observed similar problems with respect of the involvement of the affected community. For instance, Yirsaw (2012) has noted that the practice of expropriation in Gondor and Bahir Dar peri-urban areas was not participatory of the affected landholders. Abdissa (2005) also has observed that the Addis Ababa city expansion programs of different times were not involving the affected peri-urban landholders.

Besides, it is necessary to pre-inform the households to be affected by expropriation that their parcels will be expropriated for public purposes. This enables them to be mentally ready at the time of

expropriation and also to think about other alternative livelihood strategies in order to generate income that they may lose from their land to be expropriated. Besides, according to Proclamation 455/2005, it is mandatory to inform the landholders with written letter about the time of expropriation and the amount of compensation payment. Pre-information about the intended expropriation as well as notification with written letter to expropriated households were poorly implemented in the study areas. Out of the total respondents, only 15% replied that they were pre-informed about the expropriation of their land (table 1). Many of those who were pre-informed were local administrative bodies at different levels. Adam (2014) also has noted that during the expropriation of land, there was no prior awareness creation to the affected farmers. Based upon the information, the expropriated landholder will accept or refuse the proposed compensation money. In cases he/she refused, the money will be deposited in a block bank account by the name of the rural or urban administration office until the issue is decided. The landholder is liable to handover the expropriated land within a maximum of three months after he received the compensation. The three months period is enforceable if the land to be expropriated is occupied with crops or other properties. If the land is not occupied with crops or other properties, the landholder has to relinquish the land within a month after the payment of compensation. But during expropriation nobody was informed officially with written letters.

Respondents who were not pre-informed by the public administration were asked when and how they knew about the expropriation of their parcel. The majority of respondents replied that they became aware when the process of expropriation is launched, i.e., at the time of parcel measurement and when the amount of compensation money was notified.

Besides, the majority of the expropriated respondents (80%) did not have at least a general knowledge about the expropriation, valuation, and compensation rule. Even the remaining 20% had knowledge to some extent only. In the study it was tried to assess why they did not have knowledge on these processes. The responses of these respondents can be mainly arranged into two categories: the first group which consists of the majority of the respondents said that nobody told us about the expropriation and compensation rule, and that they have not been invited to meetings in order to discuss on expropriation and compensation. The second group of farmers said that it may be probably lack of their presence in the meetings because of being busy with other duties. The second group is skeptical the lack of their involvement might be due to their lack of active participation in meetings. Otherwise, they did not say that we have been invited for the discussion. The main reason for this is lack of effective organizational arrangement for the proper management of the peri-urban land (Agegnehu, et al., 2015).

Table 1

This lack of participatory expropriation and compensation payment practice have been also noted as one of the main problems of land administration in East African countries which need to be resolved by designing appropriate land policy (UNECA, 2010).

4.3. Timeliness and adequacy of compensation payments

Study respondents were interviewed about the timely payment of the compensation. About 81% of the respondents replied that the payment of the compensation was done timely (table 1). Thus, there is good feeling by the respondents on the timely payment of compensation. However, most respondents described their dissatisfaction about the inadequacy of the compensation payment. According to the ranked assessment result of their perception on the current compensation payment, about 88% of the expropriated respondents reported that the amount of the compensation payment is low as shown in table 2. Thus, though their perception on the timely payment of compensation is positive, most of the respondents were highly complaining about the amount of the current compensation payment. Of course, how generous and how precise expropriation procedures are executed, landholders, in general, cannot be happy if their land is expropriated (Keith et al., 2008). For them, it is the land where they have lived for many years and also which they expect to transfer to their heirs but the dissatisfaction becomes high relatively when the compensation to be paid is low. Nigusie (2011) also has observed similar kind of problems. He noted that the majority of the peri-urban affected farmers are highly dissatisfied with the current compensation payments.

Table 2

The study respondents' perception about the reasons for dissatisfaction can be categorized mainly into three themes. There are farmers who perceive that the problem is due to expropriation and compensation directive, there are farmers who perceive that the problem is due to lack of precise measurement of their parcels during expropriation, and the third theme is that who attach to lack of proper inventory of the amount and type of crops they produced. As observed in the study, all the three factors have significant impacts for the inadequacy of the compensation money.

Besides, in Debre Markos peri-urban areas, many respondents especially complained that during expropriation, the urban municipalities promised to give priority to them for some benefits such as job opportunities, electricity and pure drinking water supply. But after the relinquishment of the land, nobody noticed the previous promises. Abdissa (2005) also has observed similar problem in his study. He noted that though the municipality promised to the expropriated farmers different infrastructures and utilities, after the land is handed over to the municipalities, the promise was neglected.

4.4. Compensation payment and support on compensation money utilization

In the study, the compensation payment situation was investigated. About 91% of the respondents have received full displacement compensation during expropriation. The remaining 9% of the respondents constitutes respondents who lost their land without compensation as well as respondents who received very low amount of compensation from what is stipulated in the proclamation. That is some respondents received displacement compensation not for ten years, rather they received only for one year. The problem has location differences. In Bahir Dar peri-urban areas almost all respondents whose land is expropriated have got compensation. Hargeweyn et al. (2012) also have found similar results. But in Debre Markos peri-urban areas, there are some respondents who did not get compensation. As reported by respondents, the basic reason for this is landholding claims between municipalities and landholders in the urban fringe. The municipality of Debre Markos town considers some land in the urban fringe as its own holding but which had been held by farmers starting long years ago. This is the basic reason for the discrepancy of compensation payment in Debre Markos peri-urban areas.

The two main types of compensation employed are monetary compensation and urban land compensation. But the main one was monetary compensation. About 11% of the respondents have got urban residential land and some amount of compensation money. Most of those respondents who have got some amount of compensation money and urban residential land have built residential houses and are getting some amount of money by renting houses and dormitories. So, getting urban residential land as a supplement of the monetary compensation is one preference of these peri-urban farmers.

Respondents were asked what kind of compensation system they deem appropriate for the future expropriation. Concerning the monetary compensation, nearly all of the households required the revision of the current compensation system, strongly describing their dissatisfaction on the amount of the current compensation payment. But the land to land compensation is the primary preference of many respondents (67%). During expropriation, when the alternative for compensation is between monetary compensation and land to land compensation most often affected people require land to land compensation than compensation to money (Keith et al., 2008). The land to land compensation system is easy system of compensation even for the government in situations when vacant land is available. But there is no extra land to be used for land to land compensation in their locality. So, the main issue, raised during the interview was: Where do you think land might be available in order to undertake land to land compensation? The solution forwarded by some farmers was amusing. Farmers have robust solutions for the local problems provided that they are considered in decision making. Some farmers aspire to launch mechanized farming practices in the nearby low land investment areas provided that they get initial support from government.

However, the preference between old aged and young and middle aged farmers differs. Most of the old aged farmers especially above the age of 60 require having a better compensation payment if they do not get land in their locality. But the young and middle age farmers require the government to organize and support them, and to give them land delineated and being used for investment in the nearby low land areas. They desire the government to arrange them credits to start mechanized agricultural farming, while they are still living in their residential sites. They want to get land in the nearby low land areas and cultivate it.

Concerning compensation payment, it is stated in the expropriation and compensation regulation (135/2007) that the purpose is “not only payment of compensation but also to assist displaced persons to restore their livelihood”. But concrete measures are not taken to achieve this purpose. The majority of respondents did not get any support. From the number of respondents who received full compensation, only 11% explained that they got some support, whereas the remaining majorities explained as they did not get any support. Even the kind of support for these respondents is simply advising at meetings to use the money properly. Otherwise, none of the respondent replied that they got basic support in preparing alternative feasible projects, or delivering some training, or some advises for participating in projects. Because of this, the received amount of money often is not used properly. Most of them have used the compensation money for regular expenses (71%); some of them have kept it in the bank; whereas a few frequencies of the respondents have used it for income generating businesses. Studies conducted in peri-urban areas of Addis Ababa also have observed that expropriated farmers have not got support in compensation money utilization either from the governmental authorities or other NGOs (Abdissa, 2005; Nigusie, 2011). Kasa et al. (2012:22) also have noted that expropriated farmers did not utilize the compensation money in livelihood improving manner because of lack of “parallel business and skill development interventions”. In their study, they have observed that a considerable amount of compensation money was used for their daily consumptions. Respondents described their previous intentions on how to use the money at the time of compensation payment. Some were interested to be engaged in fattening and dairy farms, some in establishing grinding mills, some in getting site for containers in the city to undertake different retailing businesses, some others were interested to rent land and undertake agricultural activities as accustomed, while the rest were not clear what to do with the money. But due to lack of support, a few percentages of respondents of those who received compensation payments are engaged in income generating activities.

Utilizing the money for income generating businesses is a basic solution which will enable the property holders to get income lost from the land, since as repetitively described the basic reason for payment of compensation is to enable the expropriated farmer to commensurate income lost from that parcel (Kalbro et al., 2011). These income generating businesses may be off-farm activities in urban

areas or being engaged in other farm enterprises in their village. Both require strong support in designing alternative projects and developing skills of farmers since these farmers are accustomed to rural way of life; and they are not able to utilize the compensation money profitably unless they get additional support. Most of those who used the compensation money for income generating businesses did it by their efforts. Some ones did not get some basic services like electricity power even when they require investing that money for income generating businesses.

4.5. Perception of experts on the current expropriation and compensation system

A survey about the opinion of land administration experts on the current compensation payments was conducted. The survey questions were delivered to 26 professionals. Out of those, 3 did not return the questionnaire in time. All survey employees are from municipalities and newly established rural land administration processes in the urban administration. All of those experts have exposures to the expropriation and compensation practices and rules. They have different years of experience in the institution, the minimum being 6 months and the maximum 7 years. The survey employees list comprises both experts and coordinators (vice heads, process owners) at various levels. About 22% of these surveyed employees are coordinators of land administration processes at different levels. In a nutshell, the survey group is representing professionals at management and technical level with various levels of experience.

The opinion of these employees about the current compensation payment was analyzed by ranking scales. From the received answers (in total 21 employees), there is no employee who judged the current compensation payment as very good, but some employees reported that the current compensation payment is good. About 57% of the employees reported that the current compensation payment is not enough. Their opinion as a solution is revision of the compensation payment legislation. Concerning employees who proposed revision, some employees suggested the implementation of new legislation that estimates the value of the land properly. Some others proposed as some modification on the current compensation payment directive is sufficient suggesting that instead of considering the five years average value during valuation, estimating the value of crops by taking the current market price as a better alternative.

Another main issue addressed by the employees is lack of support on compensation money utilization. Most employees reported that the compensation money was miss-utilized by the farmers. They reported that the farmers were requested to take the compensation money without giving and even without thinking about any support on the utilization of the money.

The employees were also asked their opinions about the impact of the urban expansion on peri-urban landholdings. The majority of these employees (83%) reported that the expansion of the urban is creating land tenure insecurity threats on the landholdings to peri-urban farmers. Most of them have

also extended their opinion describing that lack of formalization of land rights is aggravating tenure insecurity of the peri-urban farmers.

5. Conclusion

Countries have their own system in order to acquire land for public purposes. Some settle it by negotiation between the acquiring party and the land owner, while others settle it by official decision of the acquiring party (Keith, et al., 2008). Whatsoever the system might be, adequate compensation payment to affected farmers is essential at least to sustain the existing economic situation of the expropriated farmers as well as for the socio-economic development of a nation. For the sake of this, continually revising and updating of the expropriation and compensation legislation is essential. This shall be given due attention especially in peri-urban areas where land is under particular pressure and where there is high land tenure transformation.

The basic principle of compensation is in order to enable the property holder who forced to surrender land to be kept in the same economic position that he has before the expropriation as described before (Erasmus, 1990; Keith et al., 2008; Kalbro et al., 2011). For this, adequate compensation payment shall be paid. The valuation system for compensation becomes fair and efficient if we use the market value of the property (Nosal, 2001). Thus, valuation for compensation must be based on market value of the property expropriated. In order to undertake the market based valuation, lack of availability of land sales might be considered as a pitfall. But currently, urban land is being transferred by means of lease auctions. Thus, the lease prices can be used to estimate the market value of the expropriated land. Besides, the current compensation payment is not even properly implemented in some peri-urban areas at the lower administrative level as seen from the analysis. Thus, close follow up and control of the proper implementation of the designed system is necessary.

The high rate of land transformation in peri-urban areas is anticipated to increase steadily especially in least urbanized countries like Ethiopia. First and for most, land has to be expropriated at the time when it is actually needed for development. But, in situations when land is expropriated and cannot be developed immediately because of different reasons, quick administrative decision has to be made to be used by farmers temporarily for growing of crops. Otherwise, putting the productive agricultural land idle is not economical.

In general land administration systems work well with the active participation of the community since decisions on land directly affects the livelihood of the community. But when expropriation and compensation is treated as a particular case, there should be public discussion forums before the commencement of expropriation. This helps for the government to design appropriate strategies that reduce the externalities of the process (Keith et al., 2008). For instance, when expropriation practices become participatory, the community builds trust on the government and can understand why the

expropriation is being conducted; the governmental bodies can understand the needs and aspirations of the affected community which will be used as inputs to deliver the necessary support for the proper utilization of the compensation money; and pre-informing and participating of the community enables the affected farmers to become mentally ready at the time of expropriation since displacement cannot only disrupt the economic situation of the affected farmers but also it has great moral impacts.

The current compensation systems for peri-urban areas are based on compensation for money. Besides, land to land compensation also has to be taken into consideration. This has been put as an alternative in the expropriation and compensation legislation if land is available. Of course, it is difficult to get land in peri-urban areas for land to land compensation since there is no unoccupied land in these areas. But compensation in land in other nearby unoccupied areas has to be taken as an alternative based on the interest of farmers who lost land through expropriation. For instance, in the low lands of Ethiopia, there is vacant land which is delineated to be used for agricultural investment. Organizing voluntary farmers and delivering land to these vacant areas has also to be considered as an alternative. If especially youth farmers are organized, and some loan for agricultural machineries and for input supply is facilitated and the necessary basic trainings are delivered, these youth farmers will undertake diversified agricultural practices which may be beneficial for themselves in particular and for the country in general. Besides its economic value, its social value is of paramount importance for the nation. That is creating employment opportunity for the workable manpower is above all. The main constraining problem here is the financial issue. That is these farmers will not get money to buy agricultural machineries. But supporting them with delivery of credit especially during the establishment phase of the investment will resolve the problem.

Just payment of compensation shall not be an end by itself but the proper utilization of the compensation money shall be given due attention. As describe in the analysis, most of the respondents were not clear as well as were not capable on how to use the compensation money. Because of this most of them have used it for regular expenses. Households have to use the money in other income generating businesses if the objective of the compensation payment is to be addressed. For this, the affected farmers should get the necessary support at least to commensurate the income they lost from the expropriated land. Strong technical and administrative support is required for the proper money utilization and livelihood improvement of those expropriated farmers. Technically, there has to be experts group who design appropriate projects for money utilization and consult the expropriated farmers. There shall also be strong administrative support in resolving problems associated with the implementing and vitalizing of these income generating activities.

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Table 1: Compensation payment

Data types	Percent of yes responses		
	Debre Markos	Bahir Dar	Total
Pre-information for expropriation (%)	10.0	17.3	14.6
Have you got full compensation for the expropriated parcel? (%)	74.3	100	90.8
Type of compensation (%)			
➤ Money	74.7	94.8	88.7
➤ Money and urban residential land	25.3	5.1	11.2
Do you have some knowledge about valuation and compensation rules?	23.7	18.5	20.2
Have you got the compensation money in time?	75.2	84.1	80.8

❖ *The bases are respondents whose land is expropriated, i.e., Debre Markos 101, Bahir Dar 168, total 269.*

Table 1: Respondents' perception on the current compensation payment

Scoring	Percent		
	DebreMarkos	Bahir Dar	Total
Good	6.0	1.8	3.3
Fair	7.9	8.3	8.2
Low	85.1	89.9	88.1
Total	99.0	100	99.6
Missing	1.0		0.4
Total	100		100