Dynamics of Urban and Peri-urban Development in Ethiopia: The Case of Towns in Oromia Special Zone Surrounding Finfine (OSZSF)

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Abstract

The core objective this study is to assess urban development dynamics in Ethiopia with particular emphasis on urbanization and peri-urban development undertaking in Oromia special Zone Surrounding Finfine (OSZSF) towns. This study is largely utilized review of most recent review literatures obtained from various relevant sources. In this study, attempt was made to elaborate existing government’s legislative and policies towards urbanization, dynamics of urban and peri-urban development in Ethiopia, extent of urbanization the towns in OSZSF, major factors for rapid urbanization of study towns, major challenges in the process urbanization in zone and forward some policy implication. Thus, during the last decade small and mid-size towns in special zone was characterized by high level of urbanization which contributed largely by high migratory factors and proliferation of investment activities in the zone. However, urbanization and peri-urban development in the zone was accompanied by multiple problems such as squatter and informal settlement, speculation and illegal land sell, land grab and corruption, land expropriation without adequate compensation, loss of productive agricultural land and livelihood and environmental pollution.

Key word: Urban and Peri-urban Development Dynamics, Land use changes, Land Expropriation and Compensation

1.1 Introduction

Ethiopian urban population growth rate is one of the fastest by the standards of developing countries, which is estimated to be 5.4% at national level (MoUDHC, 2015). However, the country is among the least urbanized countries in sub-Saharan Africa, with only 20% urban population share according study by MoUDHC(2016) while average urban population share for sub-Saharan is 37% (UN, 2014).

The existing urbanization trend in Ethiopia is spatially divergent across the different geographic areas and it is primarily concentrated at high land and central parts of the country. Among the fast urbanization areas in the country are small towns surrounding Addis Ababa. For instance, according to MoUDHC (2015), between 1994 and 2007, Sulultatown has grown at the decennial rate of 192 percent while Burayu and Sebeta have registered a decennial growth rate of 387 and 299 percent.

Given the direct relation of urbanization and economic development, the country still deserves promoting urbanization (Leulseggedet al., 2011) as cities already play an important role in the economy, contributing to 38 percent GDP. If well managed, urbanization would have huge potentials for the country’s development for instance in terms of reduce poverty through economic diversification and innovations, growing markets and the potential for urban-rural linkages (Samson and Tiwari, 2012).

In this regard, there is a growing recognition by government for the potential contribution of urbanization for economic growth. There is a premise that urbanization and economic growth go hand-in-hand, and that the former facilitates and underpins latter (MoUDHC, 2015). However, the recent rapid and unregulated urbanization in Ethiopia has resulted many challenges such as increasing
poverty, high unemployment, low governance capacities, weak infrastructure and poor municipal finance, acute shortage of housing particularly in medium and big cities like Addis Ababa, expansion of informal settlements, large slum or sub-standard housing, food insecurity, higher living cost due to inflation, social distress, and possibly social unrest (Samson and Tiwari, 2012).

1.2 Urban Development Strategies and Policies of Ethiopia

In order to provide response to urban developmental challenge faced in the country, the government of Ethiopia has so far devised a number of policies and strategies. These policies have covering, inter alia, the urban economy and governance, urban planning and housing provision, land development and management, solid waste management, integrated urban infrastructure provision, urban green development, the urban construction industry, and small towns and rural-urban linkages (MoUDHCo, 2016). Most importantly, the National Urban Development Policy prepared in 2005 is considered as the foundation for most of urban plans (SADC, 2017).

Moreover, the urban land lease policy was enacted in 2002 under proclamation No. 272/2002 to develop optimum conditions in which leasehold tenure will become the exclusive urban landholding system. At the same time, in order to address acute shortage of housing problem prevailing in many urban centers especially in Addis Ababa (the capital of the country), the government had issued a proclamation (No. 370/2003) to construct collective housing units known as ‘condominium houses’ (Samson and Tiwari, 2012).

Basically, the National Urban Development Policy of Ethiopia has two core packages—Urban Development Package and Urban Good Governance Package. The two packages contain five important pillars: (i) Micro and Small Enterprise Development Program; (ii) Integrated Housing Development Program; (iii) Youth Development Program; (iv) Provision of Land, Infrastructure, Services and Facilities; and (v) Support for Rural-Urban and Urban-Urban Linkages. The main objectives of these package are: (i) reduce unemployment and poverty through the creation of employment; (ii) improve the capacity of the construction industry through the creation of small enterprises; (iii) alleviate the existing housing problems through construction of houses; (iv) promote urban areas as engines of economic growth; and (v) improve urban social and economic infrastructure through the provision of serviced land for housing, Micro and Small Enterprise (MSE) development, youth development, and other development (ibid).

Recently, MoUDHCo to gather with WB has developed a National Urban Development Spatial Plan (NUDSP) in 2016 to manage and harness rapid urban expansion in Ethiopia. NUDSP 2035 spatial plan aims to “maintains major economic corridors in the country and envisages significantly improved transport connectivity between secondary cities their rural hinterlands, as well as the transformation of existing large rural settlements into towns and the formation of new urban settlements associated with large or ‘mega’ projects in the industrial, agriculture, mining and energy generation sectors” (MoUDHCo, 2016).

1.3 Dynamics of Peri-urban Development and Land-Use Changes in Ethiopia

Peri-urban areas located adjacent to the municipal boundaries is becoming the most dynamic places owing to rapid urbanization and the growing demand of land for urban built up property (Achemyeleh, 2014). Much of urban expansion in Ethiopia is occurred at peri-urban space through conversion of significant amounts of land. The land use conversion often entails the displacement of peri-urban farming households, which have to give way for new development by use of inadequate compensation (MoUDHCo, 2016). The World Bank study by Deininger et al. (2012) covering peri-urban areas of selected cities in Ethiopia revealed that more than one-third (almost 37 percent) of households lost their holdings to private investments or urban expansion through expropriation.

In order to acquire peri-urban land for urban land uses, government has officially used expropriation policy. The enabling legislation for this is proclamation No. 455/2005 which allows the government to expropriate of land holdings for public purpose by payment of compensation (Geshaw, 2015). Based on this proclamation, land holders at peri-urban areas get monetary compensation which
shall be equivalent to ten times the average annual income the holder has secured during the five years preceding the expropriation of the land.

However, in practice there are discrepancies in implementation of the proclamation and a wide difference of compensation modalities have been used by different cities. Overall, the existing expropriation process lacks participation and negotiation with affected local peri-urban landholders. Thus, the amount of compensation actually received upon expropriation over the past few years indicates that the system is generally characterized by unfair and inconsistent valuation methods, leading to inadequate compensation (Achemyeleh, 2015). In this regard, study by SADC (2017) assessed the expropriation and compensation process used in some selected peri-urban areas in Ethiopia as follows: “the compensation policy lacks other alternative packages, for instance entrepreneurial skills development which helps affected households to integrate with urban setting as expropriation leads to destruction of existing property system and agricultural livelihoods and many farmers who were previously displaced from agriculture are getting poorer than before”.

As a result, the land expropriation policy has so far encountered high level of discontent and resistance from farmers because of unfair compensation, lack of alternative compensation mechanisms, and lack of strong complaint handling mechanisms (Geshaw, 2015 & Girma, 2011). This can be evident from the recent political unrest around Addis Ababa peri-urbanities (SADC, 2017) and the long period of political turmoil in Oromia region which resulted many number of people deaths, casualties and detentions.

On the other hand, Peri-urban areas are a sphere of large informal land transactions and formally referred as squatter or informal settlement. Informal land acquisition in peri-urban area has been widely practiced in almost every urban centers of Ethiopian for a long time. For instance, in Addis Ababa alone, informal settlements account for up to 30 percent of residential holdings (Deininger et al., 2012). The inefficiency to provide affordable houses to the low income people in the inner-city and fear among peri-urban land holders that their land would expropriate by local urban administration have created an increasing pressure upon peri-urban land to be sold in the informal market (Achemyeleh, 2014).

2. Study Area and Methods

2.1 Description of Study Area

This study is mainly focused on towns in Oromia Special Zone Surrounding Finfine. Finfine is the name given for Addis Ababa by indigenous Oromo people for a long time before it was founded as the capital of the country. Currently, Finfine is serving as both the capital of the Oromia region as well as for special zone. The special Zone is located in the central part of the country and surrounding the national capital, Addis Ababa in all direction.

The special one was established in 2008 and the main reason for creating this special zone was to ease the co-operation and developments of surrounding areas of Addis Ababa and to regulate the urban sprawl the city over peri-urban lands of Oromia. Moreover, the zone is also considered “Urban Fringe Zone of Finfine City” by Oromia regional state (OBoFED, 2012). OSZSF covers a land area which estimated to be 4,800 km$^2$ and comprises six administrative districts (Akaki, Berek, Mulo, Sebeta – Awas, Sululta, and Welmera) and eight major towns which include Sebeta, Burayu, SulultaDukam, Galan, Holeta, LagaTafO-LagaDadhi and Sandafa (ibid).

Fig. 1: Map of OSZSF and Ethiopia
2.2 Methodology

The core objective of this study is to assess the level of urbanization in OSZSF towns, existing government’s legislatives and policies towards urban and peri-urban development, major causes and challenges urban expansion in special zones, and suggestions for problems observed. The study was based on exhaustive reviews of second-hand data obtained from relevant government sources and similar studies conducted at national and international levels. Thus, the potential sources of the secondary data were government reports both published and unpublished, journals, conference and seminar papers produced both national and international levels.

3. Result and Discussion

3.1 Driving Forces for Rapid Expansion of OSZSF’s Towns

Urban expansion and increase in urban population be contributed by several factors including natural demographic growth, the migratory movements from more or less remote areas towards the cities, the development of small rural towns into the status of urban centers and finally the absorption of rural settlement on the edge of growing towns (UN-HABITAT, 2014). Likewise, the high level of urbanization in small and mid-size towns in OSZSF was contributed by the following factors:

3.1.1 Demographic, Migratory and Reclassification Factors

A combination of demographic, migratory and reclassification factors were contributed for high level of urbanization of towns in OSZSF. Population increase by natural growth through birth is not typical from urban centers in other parts of Ethiopia. However, the significant demographic feature which takes the lion share for population increase in these towns is migration which takes in the form of rural-urban and urban-urban. All the eight major towns of the zone are considered to be the place where population mobility rate is the highest. For instance, according zonal report in 2011, the rate of migration in these eight towns registered as 21.8 percent (OBoFED, 2012).

Rural-urban migration which is migration from nearby rural and other parts of country to surrounding towns as a result of housing construction, proliferation industries and business activities. These different population movements/migrations can take place in the form of permanent or seasonal.
Specifically, rural people in the Special zone migrate temporarily to these towns to work as daily laborers during off-agricultural seasons. Moreover, unlike urban centers in other parts of the country, towns in OSZSF have been experienced by high urban-urban migration. Particularly, a huge number of populations have been moved from Addis Ababa to these towns mainly due to the high residential land value in Addis Ababa and house-rent as well as proximity of the areas to national markets and Addis Ababa.

Finally, re-classification of nearby rural villages into urban administration is also one of the significant factors for booming of population size in urban towns of special zone. For example, Dejene (2011) indicated that Sebeta, one of the biggest towns in special zone had already encroached previous rural villages such as Jemo, KerabuHarbu, DimaGuranda, Korke, Kocho, RogeAtebela and Deleti with total population of 10,275 according to 2007 national census.

Hence, all these factors deemed for high level of urban expansion and population increase for the towns in OSZSF. Masresha (2013) estimated that the rate of urbanization in these towns ranges from 6 percent to as high as 10 percent which is very high both at national and international level. Based on CSA estimate as shown in table 3.1, the total population of the town was increased by more than 50% between, 2007-2015. However, there is still a big discrepancy among CSA estimate and the municipalities with regard to total population figure of towns. For instance, the total population of the towns in special zone was 271,441in 2013 based on CSA projection while data gathered from the municipalities showed that the total population the towns was estimated to be 411,963. This is due to the reason that on CSA estimate did not consider population added to urban areas due to re-classification (as city expand horizontally, it may encroaches nearby rural villages under municipal administration).

However, despite high population inflow in to these towns the level of infrastructures required to accommodate influx of population to the towns are found to be very limited and non-existence. Even in relative to other oromia zone, the special zone is lower in provision of social amenities and infrastructural development. For instance, in 2010 the zone has only five (5) preparatory schools with coverage of only 53.56 percent; which is far below the national standard. As the same time, despite high industrial development and resultant high demand for technical and vocational graduates, the Zone and municipalities gave less emphasis on technical and vocational training centers; until 2012 there were only five (5) Technical and Vocational Education Training (TVET) centers (Masresha, 2013).

Table 3.1: Profile OSZSF Towns

<table>
<thead>
<tr>
<th>Name of Town</th>
<th>Distance from A.A</th>
<th>Area (Ha)</th>
<th>CSA Estimate 2007/08</th>
<th>2009/10</th>
<th>2011/12</th>
<th>2013/14</th>
<th>2015</th>
<th>Municipal Estimate 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Burayu</td>
<td>15</td>
<td>6,650</td>
<td>66526</td>
<td>72180</td>
<td>78333</td>
<td>85030</td>
<td>88598</td>
<td>100,200</td>
</tr>
<tr>
<td>Sebeta</td>
<td>24</td>
<td>9,500</td>
<td>58713</td>
<td>64239</td>
<td>70285</td>
<td>76900</td>
<td>80437</td>
<td>114,674</td>
</tr>
<tr>
<td>Gelan</td>
<td>25</td>
<td>750</td>
<td>-</td>
<td>9686</td>
<td>10598</td>
<td>11595</td>
<td>12128</td>
<td>40,000</td>
</tr>
<tr>
<td>Dukem</td>
<td>35</td>
<td>3,586</td>
<td>6976</td>
<td>7632</td>
<td>8351</td>
<td>9137</td>
<td>9557</td>
<td>24,222</td>
</tr>
<tr>
<td>Sululta</td>
<td>23</td>
<td>4,400</td>
<td>13025</td>
<td>14251</td>
<td>15592</td>
<td>17059</td>
<td>17844</td>
<td>32,206</td>
</tr>
<tr>
<td>LegeTafo</td>
<td>21</td>
<td>-</td>
<td>-</td>
<td>13270</td>
<td>14518</td>
<td>15885</td>
<td>16616</td>
<td>18,177</td>
</tr>
<tr>
<td>Holota</td>
<td>29</td>
<td>5,500</td>
<td>32112</td>
<td>34859</td>
<td>36323</td>
<td>41107</td>
<td>42842</td>
<td>57621</td>
</tr>
<tr>
<td>Sendafa</td>
<td>38</td>
<td>8,800</td>
<td>11245</td>
<td>12303</td>
<td>13461</td>
<td>14728</td>
<td>15405</td>
<td>24863</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>188,597</strong></td>
<td><strong>228,420</strong></td>
<td><strong>247,461</strong></td>
<td><strong>271,441</strong></td>
<td><strong>283,427</strong></td>
<td><strong>411,963</strong></td>
</tr>
</tbody>
</table>

*Source: Projected from CSA (2008); OBoFED(2012); Masresha (2013)*

3.1.2 Expansion of Investment and Commercial Activities in the Zone

For a long time, peripheral areas of Addis Ababa and the special zone was known for concentration of investment and commercial activities. More specifically, during the two decades, the
trend of investment in the special zone is enormous and it became the major destinations for investment and business activities. The core reason for this is due to strategic location of special zone to capital city (Addis Ababa) and market center. For instance, Masresha (2013) asserted that during five years proceeding to the study alone more than 70 percent incremental of investment on the area had shown. It is obvious that these investment activities have increased job opportunities for residents in Special Zone, both rural and urban ones. These employment opportunities are diverse ranging from daily laborer to a highly demanding professional. This study further revealed that 45 percent of the rural communities and 38.8 percent of the urbanites are employing in investment and/or business activities operating in the zone. However, most of the jobs are limited to daily labor and very low payment.

3.1.3 Push Factors and Pressures from Addis Ababa City
The pressure from upsurge in population of nearby Addis Ababa (Finfine) has made a significant impact on the towns of OSZSF. According to UN HABITAT (2017), the population size of Addis Ababa in 2015 was 3.238 million, which is a 17% share of Ethiopia’s total urban population. The annual population growth rate of the city is also 3.8% and with this growth rate the population will reach 4.7 million inhabitants by 2030. The main factor for high influx of population to the city is migration, from both rural and urban areas. According to Kenate (2013), every year the city is hosting 90,000-120,000 new migrants from rural and other urban areas of the country.

However, the city’s infrastructures and social amenities are inadequate enough to accommodate the inflow of these populations from directions of the country. Housing and shelter has been a long time chronic problem for residents of Addis Ababa, particularly for low and middle income groups.

These problems forced some residents of the city to engage in informal settlements and squatter settlements around the fringe of the city and OSZSF. Moreover, many people including new migrants who are not able to afford for the ever increasing housing rent in the center of the city have moving out to rent in towns of OSZSF. This situation is favored by the proximity of these towns to the centers and presence of good transportation facility to Addis Ababa (Kenate, 2013). This obviously made a significant pressure on fringe areas of towns in OSZSF and particularly agricultural land in the zone.

3.1.4 High Land Value in Addis Ababa City
In addition to demographic feature of Addis Ababa, extremely high land value in the center of city has made a significant role for the people (both investors and individuals for house construction) to move to nearby OSZSF towns to access land both formally and informally as they are not able to afford the land cost in the center of the city. The availability sufficient, relatively lower land lease price as well as proximity to the national markets has made the zone key strategic location by attracting many individuals to the area for different investment activities.

3.2 Major Threats of Urbanization Process in Towns of OSZSF
Besides creating substantial opportunities, rapid and unplanned expansion of towns in OSZSF over peripheral areas has come up with multiple complex problems which have strong inter-linkage with each other. The following sub-sections briefly explain some of the major complex problems that happening in this particular area.

3.2.1 Urban Sprawl, Squatter Settlement and Illegal land Sell
In Ethiopia including the capital of the country (Addis Ababa), urban expansion had largely occurred through informal and squatter settlements. The major causes for proliferation of squatter and informal settlements would be many and diverse including high housing rents in center, delayed response and procedural problems of the legal land provision system, difficulty of fulfilling requirements of legal housing standard, limited capacity of the code enforcement service to control illegal house construction, lack of comprehensive and consistent legal response towards the problem of squatting, and land speculators activities (Minwuyelet, 2005).
Informal and squatter settlements is highly practicing in OSZSF due to the strategic location of the towns and housing problems in nearby Addis Ababa city. Furthermore, land tenure insecurity among farmers in peri-urban areas of OSZSF has exacerbated the situation. In fear of government land expropriation, farmers who have information from those already affected by action of the government have continuously selling their agricultural land informally for squatters and informal settlers (Kenate, 2013).

3.2.2 Lack Specific Legislative Policy on Urban Fringe Development

The majority of cities in the developing countries in general and African cities in particular are typically known by lack of specific peri-urban development strategy, weak land use planning and strategy, poor enforcement of existing legislations and lack of horizontal and vertical coordination with each other affecting the normal functioning of cities as engines of development. Similarly, many cities in Ethiopia including Addis Ababa are urbanizing without peri-urban development strategy. The country lacks specific legislative framework which manage peri-urban development in general and regulate land market in the fringe area of the city.

Moreover, there is also lack of coordination and integration between the Addis Ababa city administration and the SZOSF. This has created a huge impact on the flourishing of illegal and informal settlements that leap-frogged from the city boundary to the surrounding towns of Oromiaregion (Kenate, 2013).

3.2.3 Land Grab, Corruption and Land Exploitation

In Ethiopia land is the core asset for household living as it serves for food production, investment and everything. However, in the name of urbanization and industrialization, large quantities agricultural and open lands in the hinterland had exploited, degraded and misused through land grabbing and corruption by few powerful individuals.

Overall, corruption is enormous problem in Ethiopia and majority of corruptions are related with land administration in urban and peri-urban areas. For instance, based on 2013 Transparency International Corruption Perceptions Index, the country was ranked 111th out of 177 countries with score of 33 out of an achievable 100. Among number of elements that can create potential entry points for corrupt activities to occur in Ethiopia’s current land administration system are lack of clear policies, weak institutions, lack of transparency, and limited public participation, and capacity challenges (Lindner, 2014).

In most urban areas, land has been allocated as leases to influential, well-connected individuals but not put to use as required by existing regulations. Even there are gaps and a lack of clarity in existing policy and legal framework and there is no efficient, transparent system to implement policy which created rooms for corruption (Plummer, 2012).

Land grab and expropriation in the special zone is the source of fortune for few government officials and speculators while it is a grievance for many poor small holder farmers who base their livelihood on agriculture. Informal interview from study areas revealed that officials in land administration are usually selected on merits of political affiliation rather than professional competence. This helps the enrichment of members of the politically dominant groups to access more land and getting more fortune.

3.2.4 Land Speculation and Illegal Land Sell

Basically, in urban areas land is allocated to private individuals and organizations through lease system with the obligation that allocated land be developed according to the planned use within 18 months. Despite this clear requirement, there are numerous cases of allocated land being fenced off and remaining idle for long periods of time (Plummer, 2012).Private speculators buy large aggregations of land from state or the city through lease and sometimes from farmers illegally and keep the land until price of the land rise to get huge amount of profits.

Land speculation activity is widely practicing in peri-urban areas of small towns in OSZSF by many private developers and individuals in government officials. In this area, many private investors
who leased the land in the name of investment often took many years to start an investment. Some of them are intentionally hold the land in order to sell for the third party in order to get the profit from the land. Particularly, those investors taken the land for real estate business are well known by this act. Each year thousands of hectares of land expropriated from farmers and transferred to real estate developers through the lease system but these lands are used for speculation together with some corrupt officials in land administration.

**Fig.2 Causes and Consequences Fast and Unplanned Urbanization in Study Area.**

Source: Constructed by researchers, 2018

4. Conclusion and Recommendation

During the last decade the rate of urbanization and population increase of towns I OSZSF is very high and multiple factors contributed for this. Among the factors that took the lion share were migration (both rural-urban and urban-urban) and proliferation of business and investment activities due to strategic location of the area for national and international markets. Most of this expansion was taken place on peri-urban areas without appropriate and well-designed land-use planning and implementation. Huge amounts peri-urban agricultural lands located in the zone were converted into urban land uses during the last 15 years through expropriation policy by displacement and dispossession of local land holders. However, the land expropriation policy and compensation procedures lack fairness, mutual consent and far below international standard and experiences.

Overall, urban, peri-urban development and urban management in OSZSF has accompanied with multiple problems including squatter and informal settlement, speculation and illegal land sell,
land grab and corruption, loss of productive agricultural land and livelihood and environmental pollution.

Therefore, urban and peri-urban development in Ethiopia in general and the special zone in particular has to be undertaken in accordance with proper design of land use planning and implementation without threatening livelihood of local land holders. Moreover, land acquisition process and compensation policy has to be revisited and modified by taking into account best experiences of similar countries. Thus, proper and transparent compensation mechanisms/packages have to be developed which integrates partial monetary and land to land compensation, income capitalization, provide permanent and sustainable job opportunity through proper entrepreneurial skills development (Mohammed et al., 2015).

5. Acronyms

CSA Central Statistical Agency  
MoUDHC O Ministry of Urban Development, Housing and Construction  
NUDSP National Urban Development Spatial Plan  
OBoFED Oromia Bureau of Finance and Economic Development  
OSZSF Oromia Special Zone Surrounding Finfine  
SADC Swiss Agency for Development and Cooperation

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