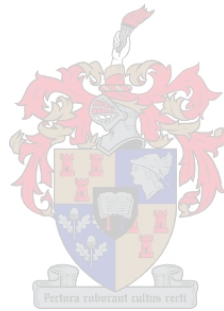


# An Assessment of Urban Land Administration in Ethiopia: Evidence from Mekelle City

By

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Dissertation presented for the degree of  
Doctor of Philosophy  
in the Faculty of Economic and Management Sciences  
at the University of Stellenbosch

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December 2022

## DECLARATION

### Declaration by the candidate:

Regarding the first, second, third, fourth, and fifth article publications included in this dissertation as Chapter 2 (pp. 34–53), Chapter 3 (pp. 54–81), Chapter 4 (pp. 82–109), Chapter 5 (pp. 110–136), and Chapter 6 (pp. 137–156), the nature and scope of my contribution were as follows:

Nature of the contribution	Extent of contribution (%)
Conceptualisation	75 %
Methodology, data collection, data analysis, writing original draft and final	100 %
Research project administration	90 %

Signature of candidate: ..... Date: 2021/09/20

The following co-author has contributed to the first, second, third, fourth, and fifth article publications included in this dissertation as Chapter 2 (pp. 34–53), Chapter 3 (pp. 54–81), Chapter 4 (pp. 82–109), Chapter 5 (pp. 110–136), and Chapter 6 (pp. 137–156).

Name	E-mail address	Nature of the contribution	Extent of contribution (%)
Professor Pre-gala Pillay		Conceptualisation of the research questions	25 %
		Supervision, validation, funding acquisition	100%
		Research project administration	10%

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The undersigned hereby confirm that

1. The declaration above accurately reflects the nature and extent of the contributions of the candidate and the co-authors to the first, second, third, fourth, and fifth article publications included in this dissertation as Chapter 2 (pp. 34–53), Chapter 3 (pp. 54–81), Chapter 4 (pp. 82–109), Chapter 5 (pp. 110–136), and Chapter 6 (pp. 137–156),

2. No other authors contributed to the first, second, third, fourth, and fifth article publications included in this dissertation as Chapter 2 (pp. 34–53), Chapter 3 (pp. 54–81), Chapter 4 (pp. 82–109), Chapter 5 (pp. 110–136), and Chapter 6 (pp. 137–156), and
3. Potential conflicts of interest have been revealed to all interested parties and the necessary arrangements have been made to use the material in the first, second, third, fourth, and fifth article publications included in this dissertation as Chapter 2 (pp. 34–53), Chapter 3 (pp. 54–81), Chapter 4 (pp. 82–109), Chapter 5 (pp. 110–136), and Chapter 6 (pp. 137–156) of this dissertation.

Signature of co-author:

Professor Pregala Pillay.....

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## ACKNOWLEDGEMENTS

I am indebted to several people and organizations for their support during my doctoral study. I would like to thank my supervisor, Professor Pregala Pillay of the School of Public Leadership, Stellenbosch University, for her extraordinary professional guidance and encouragement throughout my research and overall academic journey. I am immensely grateful for the patient supervision she has provided from the onset of the study. She has left an indelible mark on my academic journey!

Also, I am indebted to DAAD, the German Academic Exchange Service, for their uninterrupted funding and support and for giving me this life-changing opportunity. I am highly grateful to the Adigrat University in Ethiopia for permitting a sabbatical leave to pursue my PhD. I am also indebted to the Mekelle City Municipality officials for their readiness to be interviewed, for providing me with a workstation during my field study, and for providing the required data for this study. I wish to place on record my sincere thanks to all the survey respondents and key informants for their willingness and participation in the survey.

I also thank the Graduate school of Economic and Management Science (GEM) manager, Dr Jaco Franken, who was always reachable and ready to help. I am grateful to Professor Tesfay Araya of Ethiopia, Yibrah Hagos (PhD) of Ethiopia, Dominic Okoliko of Nigeria, and Moses Nyangu of Kenya, for their valuable comments and encouragement during my academic studies. It is daunting to work away from home, but it has been an enriching experience to engage with all of you, enhancing my personal and professional development. I wish to thank my beloved mum, Brhanemeskel Berhe, for her devotion to caring, motivation and guidance throughout the years. She is my alarm, doctor, encouragement, courage, love, and friend. She continues to play an influential role in my life, and she will always be my role model.

I am indebted to my wife, Roman Tsehay Gebremariam, for her unconditional support, especially for her courage and commitment in shouldering the immense responsibility of taking care of our son, Naod Hafte Gebreselassie and my daughter Amanda Hafte Gebreselassie. She has been a pillar of strength, and I admire her tenacity for walking this road with me! To whom I may have inadvertently omitted, a note of special thanks and appreciation.

We rise by lifting others!

## ABSTRACT

There has been a growing scholarly interest within the land administration community to realize fit-for-purpose land administration that meets people's needs across society. While global research into land administration is on the rise, little attention has been paid to the Ethiopia's context. The literature gap results from the problem of available data to examine questions relating to good governance, land market, and land policies. This study offers evidence from Ethiopia by providing an analysis of triangulated data while focusing on good governance, land market, and land policies. The study is based on a pragmatic research design that used surveys, interviews, secondary data, and document reviews to gather evidence on urban land administration in Mekelle City, Ethiopia. The study's first objective is generating a good governance index that fits the context of urban land administration in the Mekelle City context. The findings demonstrate that accountability, transparency, the rule of law, and public participation matter the most in urban land administration. The good governance index generated from this study is included in the survey to analyze the determinants of customer satisfaction in urban land governance. The findings of the study demonstrate that urban land administration in Mekelle City is characterized by weak governance. The regression analysis results reveal that undermining the rule of law, accountability, public participation, transparency, and rampant corruption negatively affect customer satisfaction. In addition, the study examines the determinants of the urban land lease market. As a result, this study found that plots specified for residential housing, plot grade, payment period, monthly income and plot size increases the markup price by 160.34; 5.56; 0.5; 0.056 and 0.04 percent, respectively. Plots located in Adi-Haki, Hawelti, and Ayder increase the markup price by 19.28, 16.98 and 12.89 percent, respectively. In the fourth objective, the study appraises the rhetoric and praxis of Ethiopian urban land policies. Results show that urban land legislation in Ethiopia has failed to achieve efficiency and fairness in the land lease market. These failures, in turn, contribute to increasing customer dissatisfaction. The proliferation of customer dissatisfaction was found to be influenced by weak land governance. However, the scale of the phenomenon was seen beyond weak land governance as a signal of policy failure and market failure. The land policy-making failure emanated from the complexity and under-estimation of the modalities of land lease delivery. Hence, all stakeholders must be committed to work as a team to ensure quality service delivery, improve customer satisfaction, and realize sustainable urban land administration in Mekelle City. The study contributes to Sustainable Development Goal (SDG) no. 11 by tracing the performance

of urban land governance, the dynamics of the urban land market, and urban land policies towards fit-for-purpose and sustainable land use and development. It also contributes methodologically by generating a good governance framework for urban land administration and combining rhetoric-informed and practice-based discourse analyses to show the whole picture of policy research.

**Key words:**

Urban land, good governance, urban land market, urban land policies, Mekelle City, Ethiopia

## OPSOMMING

Daar is toenemende vakkundige belangstelling binne die grondadministrasiegemeenskap om doelmatige grondadministrasie daar te stel wat aan die behoeftes van mense oor die hele samelewing voldoen. Alhoewel navorsing in grondadministrasie wêreldwyd toeneem, is nog min aandag gegee aan kontekste in Ethiopië. Die leemte in die literatuur spruit uit die probleem van beskikbare data om vrae in verband met goeie beheer, die grondmark en grondbeleide te ondersoek. Hierdie studie bied bewyse uit Ethiopië deur ontleding van getrianguleerde data met die fokus op goeie beheer, die grondmark en grondbeleide. Die studie is gebaseer op pragmatiese navorsingsontwerp wat opnames, onderhoude, sekondêre data en nagaan van dokumente gebruik het om bewyse te versamel oor grondadministrasie in Mekelle, Ethiopië. Die eerste doelwit van die studie is om indeks van goeie beheer te skep wat toepaslik is vir die konteks van stedelike grondadministrasie binne die Mekelle-konteks. Die bevindings demonstreer dat aanspreeklikheid, deursigtigheid, regsoewereiniteit en openbare deelname die meeste saak maak in stedelike grondadministrasie. Die indeks van goeie beheer wat uit hierdie studie opgestel is, is by die opname ingesluit om die bepalende faktore vir kliëntetevredenheid in stedelike grondbestuur te ontleed. Die bevindings van die studie toon aan dat stedelike grondadministrasie in Mekelle deur swak beheer gekenmerk word. Die resultate van die regressieontleding dui aan dat ondergraving van regsoewereiniteit, aanspreeklikheid, openbare deelname, deursigtigheid en ongehinderde korrupsie negatiewe invloed op kliëntetevredenheid het. Die studie ondersoek ook die bepalende faktore van die stedelike grondverhuringsmark. Hiervolgens het die studie bevind dat vir erwe wat vir residensiële behuising gespesifiseer is, erfgradering, betalingstydperk, maandelikse inkomste en erfgrootte die toeslagprys met 160.34; 5.56; 0.5; 0.056 en 0.04 persent respektiewelik verhoog het. Erwe geleë in Adi-Haki, Hawelti en Ayder het die toeslagprys met 19.28, 16.98, 16.98 en 19.28, 16.98 persent respektiewelik laat toeneem. As vierde doelwit vermeld die studie die retoriek en praktyke van Ethiopiese stedelike grondbeleide. Die bevindings toon aan dat wetgewing oor stedelike grond in Ethiopië gefaal het om doeltreffendheid en regverdigheid in die grondverhuringsmark te behaal. Hierdie mislukkings dra weer by tot die verdere verhoging van kliënteontevredenheid. Daar is bevind dat die proliferasie van kliënteontvredenheid deur swak grondbeheer beïnvloed is. Die omvang van die verskynsel is egter wyer gesien as swak grondbeheer, en wel as teken van mislukte beleid en markmislukking. Die mislukte grondbeleidvorming het gespruit uit die kompleksiteit en onderskatting van die modaliteite van grondhuurvoorsiening. Gevolglik moet alle belanghebbers daartoe verbind wees om as span saam te werk om kwaliteit di-

enslewering te verseker, kliëntetevredenheid te verbeter en volhoubare stedelike grondadministrasie in Mekelle daar te stel. Die studie dra by tot die volhoubare ontwikkelingsdoelwit nommer 11 deur die prestasie van stedelike grondbeheer, die dinamika van die stedelike grondmark en stedelike grondbeleide vir doelmatige en volhoubare grondgebruik en -ontwikkeling na te speur. Dit dra ook by tot die metodologie deur die daarstelling van raamwerk vir goeie beheer van stedelike grondadministrasie en die kombinasie van teorie-gefundeerde en praktykgebaseerde diskoersontleding om volledige beeld van beleidsnavorsing te bied.

**Sleutelwoorde:**

Stedelike grond, goeie beheer, stedelike grondmark, stedelike grondbeleide, Mekelle, Ethiopië



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APPENDIX J	Published paper
APPENDIX K	Language edit

## LIST OF ABBREVIATIONS AND/OR ACRONYMS

AU	African Union
CPO	Compulsory Payment Order
DRC	Democratic Republic of Congo
CBD	Central Business District
CSA	Central Statistics Agency
DAAD	German Academic Exchange Service
EC	Ethiopian Calendar
ECA	Economic Commission for Africa
EPRDF	Ethiopian People's Revolutionary Democratic Front
ETB	Ethiopian Birr
EU	European Union
FAO	Food and Agricultural Organizations
FDRE	Federal Democratic Republic of Ethiopia
FIG	International Federation Surveyors
GIZ	German Federal Ministry for Economic Cooperation and Development
GPS	Global Positioning System
GTP	Growth and Transformation Plan
HF	House of Federation
HH	Households
HPR	House of Peoples Representatives
ICT	Information Communication Technology
IFAD	International Fund for Agricultural Development
IMF	International Monetary Fund
LiMES	Live Monitoring of Earth Surface
NDP	Neighborhood Development Plan
NGO	Non-Governmental Organizations
OLS	Ordinary Least Square
SDG	Sustainable Development Goal

SIDA	Swedish International Development
SSA	sub-Saharan Africa
SUR	Sub-Urban Fringe
SWOT	Strength, Weakness, Opportunities, and Threat
TGE	Transitional Government of Ethiopia
TNRS	Tigray National Regional State
TZ	Transitional Zone
UN	United Nations
UNDP	United Nations Development Program
UNECE	United Nations Economic Commission for Europe
UN-HABITAT	United Nations Agency for Human Settlements
USAID	United States Agency for International Development
WB	World Bank

# CHAPTER 1

## INTRODUCTION

### 1.1 Background of the Study

Natural resources are fundamental elements in the process of achieving global sustainable development (Williamson *et al.*, 2010). People have created knowledge and information to use natural resources to meet their growing demand (Shibeshi *et al.*, 2015). The unlimited human needs which drive demand and the dearth of natural resources triggered the emergence of the property system. The concept of the property system emerged in society during the evolution from hunting to gathering to stimulate investment in natural resources as a commodity (Deininger *et al.*, 2014). The modernization of the property system into tradable commodities and the laws within which they are implemented are highly linked to the value of natural resources (Williamson *et al.*, 2010; Shibeshi *et al.*, 2015). As a result, countries' economic development is closely associated to the efficient use of natural resources (Mansberger *et al.*, 2012).

Land, one of the natural resources and an important factor of production, is a principal source of economic development and a fundamental element of human survival globally, with production, urban development, infrastructural expansion, societal stability, and ecology purposes (Adam and Birhanu, 2018). As a result, land has become an intercutting subject in global development discourse (van Oosterom and Lemmen, 2015). With the 'food price spikes and financial crisis', especially since 2007/2008, local and foreign investors have gradually been keen to move into global land investments in rural and urban areas (Hall *et al.*, 2015; Dell'Angelo *et al.*, 2017; Yang and He, 2021). Currently, it is estimated that land accounts for between half to three-quarters of national prosperity worldwide (Cobbinah *et al.*, 2020). This estimation is high in sub-Saharan Africa (SSA) where land serves as crucial factor of economic growth and human survival (Obeng-Odoom, 2012). To this end, financial institutions have been favouring land as collateral for credit provision due to its immobile nature, slight devaluation, and stability against inflation (Ayenew, 2012). Accordingly, land holds a central position in the socio-economic, environmental, and political consideration.

The dynamic and continuous process of societal development and the rapidly growing urban expansion have profoundly increased peoples' approach to land across SSA countries (Feng *et al.*, 2015; Shibeshi *et al.*, 2015). However, land is a scarce factor of production (Ayenew, 2012; Deininger *et al.*,

2012). So, there is a need for appropriate distribution, utilization, and administration because its exploitation and use directly or indirectly affect other sectors' development (Müller *et al.*, 2010; Miller, 2012). This need is particularly relevant for many SSA countries where land administration has become indispensable, demanding urgent government involvement in the form of land reform (Abanda *et al.*, 2011). SSA countries have had several land reform agendas to address land-related issues and ensure sustainable land development since the era of political independence (Adekola *et al.*, 2021).

In the current public administration discourse, land comprises “physical assets attached to it under the surface and the land itself” (Williamson *et al.*, 2010, P. 5). Land administration, a public administration sector and policy tool, is vital for running the physical assets to ensure stable land distribution between individuals, groups, and legal entities. Countries develop land governance frameworks and endorse land policies to meet societal demand(s) (Zakout *et al.*, 2006; Deininger *et al.*, 2012; Durand-Lasserve *et al.*, 2015). However, in several SSA countries, most people do not have access to appropriate land administration systems to register land ownership right details (Obeng-Odoom, 2012; Rahmatizadeh *et al.*, 2018). Yet the land administration community acknowledges that it is through sustainable land rights that people can move forward to secure land tenure (Zevenbergen *et al.*, 2013).

One of the most confusing issues in the last decade has been SSA countries' unprecedented growth, while large sections of its population face unemployment, inequality, and poverty (Kabuya, 2015). One of the key elements impacting to the poverty rate in SSA is the imbalance between ‘where growth occurs and where the majority of the poor people’ are found (Kabuya, 2015; Rashid, 2021). Here are three propositions offered as explanations for the problem: (1) SSA countries are among the fast-developing regions and more than 75% of its growth emanates from the land; (2) the main goal of land reforms in the region is to help the poor community landowners to reduce poverty; (3) however, large sections of the population remain underprivileged and still do not have access to land. Makhtar Diop, World Bank Vice President for Africa, said:

*“Improving land governance is vital for achieving rapid economic growth and translating it into significantly less poverty and more opportunity for Africans, including women who make up 70 percent of Africa’s farmers yet are locked out of land ownership due to customary laws. The status quo is unacceptable and must be changed so that all Africans can benefit from their land”* (Hussain

and Hay, 2013, P. 1).

The argument is that improving the people’s ability to use land is crucial to reducing unemployment, inequality, and poverty (Galiani and Schargrodsky, 2010; Kabuya, 2015).

Urban land is the main element of the urban economy. Today, more than 50 percent of the global population live in cities. By 2050, this number is expected to grow by more than 65 percent (United Nations, 2014). According to this forecast, 2.5 billion people will be added to the urban world, with urban development growing at about 90% in developing countries. The rapid increase in urban population results in rapid urban expansion, which ushers in land fragmentation that increases investment value and affects sustainable land management in the developing African countries (Zhou *et al.*, 2019).

Ethiopia, a developing African country, is Africa’s the second-most populous country, with the ultimate certainties of little land for more inhabitants. Since a paradigm shift took place in its land reform in 1993, rapid socio-economic development and urbanization inevitably took over large territories of farmland in the country. The Ethiopian government has developed various land policies, including Proclamation no. 80/1993 (TGE, 1993), Proclamation no. 272/2002 (FDRE, 2002), and Proclamation no. 721/2011 (FDRE, 2011) to promote sustainable urban land administration. These policies and procedures directly impact urban land administration (Adam and Birhanu, 2018; Wubneh, 2018). Rapid growth in Ethiopia’s urban population and the concomitant urban land demand as well as several policy interventions to improve land administration warrant special attention. In this study, focus is brought on the example of Mekelle City to shed light on challenges in urban land administration. The exercise holds importance to deepening our understanding of urban land administration in Mekelle City and other developing contexts given the shared similarities of contexts.

## 1.2 Problem Statement and Motivation

Land is a vital source of human existence indispensable to fulfill many “human rights, including the right to life, food, housing, property, development, and self-determination” (Tura, 2018, p. 253). There is no subject or decision (including policy decisions of different sectors) that does not apply to land. However, land is a limited asset of countries that calls for an essential policy response to determine who owns what plot of land and how it is to be used and which legal framework can guarantee

optimal development of the land. Consequently, it is not surprising that the land administration literature has continued to grow. Specifically, land and land administration reforms have been a theoretical and empirical study subject for a long time.

Academic studies show that many SSA countries<sup>1</sup> have fragmented land administration institutions, unclear land policies, and an uncompetitive land market (Enemark *et al.*, 2014; Amanor, 2017). Besides, many of the countries introduced most of the land reforms and policies after independence (Obeng-Odoom, 2012; Kalabamu, 2019). The post-colonial land reform has had two waves. The first wave of land reform was to redistribute land back to the local people affected by colonial powers. This trend of land reform has increasingly been examined in association with customary African land tenure (Crewett and Korf, 2008; Ege, 2017; Chimhowu, 2019). Many of the empirical studies have focused on, among other things, the characteristics, institutional design, performance, and policy implications of land reform paradigms (Obeng-Odoom, 2012; Chimhowu, 2019).

The second wave of land reform focused on enhancing tenure security, improving agricultural productivity, commercializing land rights, and strengthening land management systems (IFAD, 2008; Kalabamu, 2019). In this context, several studies have focused on assessing the theory, practice, and the outcome of the second wave of land reform compared to persistent land conflicts (Obeng-Odoom, 2012; Ege, 2017; Kalabamu, 2019). Specific attention has been given to the tenure security in pre- and post-certification of land ownership (Ege, 2017; Kalabamu, 2019). These studies suggest that the prior land policies of the colonial time influenced the early post-colonial tenure systems. The procedures have been observed to have overlap and contradict national and local laws, customs, and regulations that negatively affect communities' rights to use, own, and inherit the land (IFAD, 2008; Kalabamu, 2019).

Some other studies have focused on whether and how the post-colonial land reform affected land ownership in the SSA countries (Obeng-Odoom, 2012; Kalabamu, 2019). The land has been exploited and efforts to secure land tenure and enhance the land market in several SSA countries are under multiple pressures such as unfair competition for land, land lease uncertainty, corruption, and exclusion of the poor (UN-Habitat, 2008; Deininger *et al.*, 2012; Bennett and Alemie, 2016). Implementation is another challenge whereby inadequate funding, lack of cohesive land administration institutions, and the absence of dedicated leaders have negatively affected service delivery,

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<sup>1</sup>Angola, Burkina Faso, Cameroon, Ethiopia, Ghana, Mali, Namibia, Togo, Uganda, and Zimbabwe are among the countries having unclear land policies, uncompetitive land markets, and fragmented land administration institutions.

urban development, and economic growth (Burns, 2007; Deininger *et al.*, 2014). Moreover, these countries' land administration systems are characterized by the asymmetry of legal and customary rights that lead to land tenure insecurity and land-based conflicts (Kalabamu, 2019). The weak enforcement of land law and policies causes uncertainty and insecurity of people's land rights (Shibeshi *et al.*, 2015; Wubneh, 2018). To this end, cities in SSA countries become spaces where conflict over land resources, inefficient markets, and informal settlements and slums are manifested (Dawson *et al.*, 2014; Ruhlandt, 2018).

Although Ethiopia was never colonized, the aim of land reform and ownership is similar to some of the colonized SSA such as Botswana, Rwanda, and Tanzania (Ambaye, 2013a; Tan *et al.*, 2021). In Ethiopia's modern political history, land issues have been one of the main reasons for the change of regimes and governments (Crewett and Korf, 2008). Land use and ownership issues, which has been the centre of policy and leadership since the 1960s' student uprising with the slogan "Land to the tiller", has not been provided a satisfactory response, despite efforts by the Derg and Ethiopian People's Revolutionary Democratic Front (EPRDF) governments (Alemu, 2013). The same is true for urban land. Although the country is one of the least urbanized countries globally, its urban population is rapidly growing (Admasu, 2015). This population growth is causing unprecedented demand for urban land for various activities, including corporate farming, urban expansion, infrastructural development, real estate, manufacturing, and mining (Abdo, 2015). Although the land issue has changed its appearance, it is still a major issue in Ethiopia's political economy. As a result, the Ethiopian government chose a lease system over a freehold tenure system in 1993 to make urban land distribution equitable and the land market feasible, and to increase the revenue base (TGE, 1993). However, many problems have still surfaced in the urban land administration reforms. While some of these challenges are similar to other SSA countries, others are exclusive to the study area. As a result, several scholars have examined the land from several angles.

Some studies focused on the fairness of land value sharing between peasants and government in Ethiopia (Alemu, 2013; Ambaye, 2016). They found that the compensation policy gives an excessive benefit to the government to capture all enhanced urban land values by allocating the auction process to urban residents while the compensation value to the farmers is insignificant (Alemu, 2013; Ambaye, 2016). Other studies focused on the problems of land expropriation and found that the weak socio-economic infrastructure, urban land grabbing, unstable land rights, and forceful



resettlement of city centre residents to the suburbs challenge the urban land administration ([Alemu, 2013](#); [Ambaye, 2013a](#); [Tura, 2018](#)).

Other studies assessed the operational role of cadastre in urban land governance and found that urban cadastre was ineffective in Ethiopia due to unclear land policy, political instability, and technical incapacity ([Alemie \*et al.\*, 2015a](#)). [Adam \(2019\)](#), in his study of the deficiencies associated with land acquisition and delivery, found that the existing land acquisition system in Ethiopia is exerting unnecessary pressure on peri-urban land and displacing peri-urban communities. Some other studies have also attempted to assess urban land policy reforms ([Crewett and Korf, 2008](#); [Deininger \*et al.\*, 2012](#); [Wubneh, 2018](#); [Ariti \*et al.\*, 2019](#)). The findings of these studies demonstrate that land administration is strained by weak stakeholder participation in the policymaking process.

Land as a factor of production is important in urban economic development and productive and efficient cities. As a policy tool, urban land administration is important to ensuring adequate access to land for urban residents, and improving the land governance function is important for urban development and economic development. An understanding of urban land administration, and the current problems with urban land administration, will allow us to improve urban land policy and ultimately support urban economic development and growth. Despite the plethora of studies in land reform, urban land administration in Ethiopia has been understudied. Specifically, less attention has been given to assessing the significance of good governance principles in urban land administration and dynamic forces in the urban land lease market from a demand and supply viewpoint. In addition, limited literature provides adequate evidence of how urban land policies are congruent and balance the principles of fairness and efficiency in rhetoric and praxis.

This study focuses on Mekelle City for several reasons. One rationale for the city-specific study is that the meaning and value of land to landlords is context-specific, suggesting that land administration should reflect the context-specific essence and weight of the land ([Hull \*et al.\*, 2019](#)). To this end, addressing land management complexities requires contextual approaches and solutions. Mekelle City is sampled to reflect the decentralized system of land administration in Ethiopia. In the Ethiopian context, due to power decentralization after 1991, regional states and municipalities have strong decision-making power on land ownership, land use, land development, land market, and are de facto owners of urban land ([FDRE, 1995, 2011](#)). This autonomy creates the flexibility of policymaking among the regional states, making the assessment of urban land administration

in Mekelle City significant. Moreover, the city is among the federal government's chosen cities to serve as an industrial development centre in the second Growth and Transformation Plan (GTP) period to transform the country into an industry-led economy. As a commercial hub of northern Ethiopia, the city hosts extensive industrial park, manufacturing, and other development activities. Following industrial development, significant growth is anticipated in different sectors of the economy, which will undoubtedly result in extensive land use for various purposes. As a result, this study focuses on good governance, the land market, and land policies to develop a holistic picture of the performance of urban land administration. The three interrelated components establish the holistic picture of land administration.

### 1.3 Significance of the Study

Land is the most crucial factor of production for any community, as it creates positive spillover in all other sectors. Regardless of the size, accessing land is one of the main aspirations of individuals and collectives. However, the imbalance between land demand and supply contributes to the development of informal urban settlements in Ethiopia. The informal settlement expansion emanates from the loopholes of urban land administration. Given the importance of urban land administration in delivering quality service delivery and providing affordable land, it is evident that there is a need for an appropriate land administration framework in the country. Understanding the country-specific context in which land administration occurs is important because it will help to identify shortcomings and the unique characteristics of the context in which it occurs.

One reality about land management is that, due to different development priorities across countries, there is no single, robust, and universally accepted form of land governance, land market, and land policy (Steudler *et al.*, 2004; Shibeshi *et al.*, 2015). Consequently, the shortcomings of the land sector researchers are that they try to develop one-size-fits-all methods and solutions to land administration challenges. To this end, the general frameworks designed to evaluate land administration systems suffer from a problem of mismatch in application to specific contexts because the land and land administration reforms reflect the country's context in which they are functioning, making them different and, therefore, problematic for transferability (Steudler *et al.*, 2004).

Urban land administration in Ethiopia has been understudied. In addition, the current land administration literature is mostly, if not all, theoretical, with few expert opinions, and with little or no

focus on practical experiences, making academic research an exercise in rhetoric. Hence, establishing strong, alternative, and transformative urban land administration reforms that do not purport to be a one-size-fits-all solution are essential. This study is decisive to realize the context-specific analysis of land use, market, ownership, and development. The study is also significant as it connects the three wings of the urban land administration system – land governance, land market, and land policy – to demonstrate a holistic picture of urban land administration by providing evidence from Mekelle City, an emerging African city faced with rapid urbanization challenges.

Methodologically, the significance of the study is twofold. First, it generated a good governance index to measure the current performance of urban land administration to achieve sustainable land use and management. Second, it combines rhetoric-informed and practice-based discourse analyses to show the holistic picture of land policy research.

## **1.4 Research Objectives and Questions**

The general objective of this study is to provide an understanding of how urban land administration is implemented in Mekelle, Ethiopia. The general objective is pursued under five specific objectives listed below. Each specific objective has corresponding research question(s) that guide the design and application of separate but interlinked research articles presented in this dissertation.

### **1.4.1 Objective 1**

The article presented in Chapter 2 aims to generate a good governance index towards responsive urban land administration.

**Q1:** How is land administration measured in terms of the principles of good governance?

The study ([Gebrihet and Pillay, 2020a](#)) is published in *Administratio Publica* (see Appendix B.1)

### **1.4.2 Objective 2**

The article presented in Chapter 3 of this study aims to examine the extent to which the city government offices implement good governance principles in urban land administration to meet the needs of clients/customers.

**Q2:** To what extent do the city government offices implement good governance principles in urban

land administration?

The study ([Gebrihet and Pillay, 2021c](#)) is published in Journal of Public Administration (see Appendix [F.1](#))

### 1.4.3 Objective 3

The article presented in Chapter [4](#) of this study aims to assess how the urban land lease market dynamics respond to the urban land demand and supply challenges.

**Q3:** How the urban land lease market dynamics respond to the urban land demand and supply challenges?

The study ([Gebrihet and Pillay, 2020b](#)) is published in the International Journal of Economics and Business Administration (see Appendix [H.1](#))

### 1.4.4 Objective 4

The article presented in Chapter [5](#) of this study aims to appraise the rhetoric and praxis of federal and regional state urban land lease policies.

**Q4:** How do the federal and regional state urban land lease policies align at the rhetoric and praxis level?

The study ([Gebrihet and Pillay, 2021b](#)) is published in the African Journal of Public Affairs (see Appendix [I.1](#))

### 1.4.5 Objective 5

The article presented in Chapter [6](#) of this study aims to evaluate strengths, weaknesses, opportunities, and threats affecting urban land administration.

**Q5:** What are the strengths, weaknesses, opportunities, and threats affecting urban land administration?

The study ([Gebrihet and Pillay, 2021a](#)) is published in the Administratio Publica (see Appendix [J.1](#))

## 1.5 Limitations of the Study

Like other studies, this study is limited in various ways. First, the scope of the data collected, and the sample size, are limited to Mekelle City. Despite encompassing a wide breadth of views, experiences, and ideas from customers, city officials, urban experts, judges, and prosecutors, the inclusion of additional stakeholders from the Ministry of Urban Development and Construction would have yielded more in-depth findings and contextual information.

Second, this study provides crucial insights on urban land governance, the urban land market, and urban land policies. However, this study focuses only on urban land administration based on one case study (the significance of using a single case study was discussed in the last part of the statement of the problem and motivation of this study), and the results cannot be generalized to rural land administration. Besides, the decentralized nature of Ethiopia's urban land administration has created opportunities for the regional states to follow their way in the urban land market and land policies. Consequently, some of the study's findings may not denote the other regional state cities as well. This limits the extent to which the findings extend as a reflection of land administration in Ethiopia.

Finally, a critical issue but not given much attention in this study was conducting a comparative analysis across countries. While the conceptual, theoretical, and empirical framework presented in this study helped to focus on the good governance, land market, and land policy angle of urban land administration, the utility of such components of urban land administration was not empirically tested outside Ethiopia as this was beyond the scope of this study. Although there are no single universally accepted land governance, land market, and land policies, a comparative analysis would have captured the best experiences across geographical variations to share among countries. Hence future research can address this challenge.

## 1.6 Literature Review

In economics, four factors of production – land, labour, capital, and entrepreneurship – are the resources people use to produce goods and services. They are the building blocks of the economy that drive economic development. While land, the main focus of this study, refers to its physical space and natural resources, labour refers to people transforming land into producing goods and

services ([Britannica, 2019](#)). Capital refers to the machinery, tools, finances, and buildings people use to yield goods and services. The fourth factor of production is entrepreneurship. An entrepreneur combines the three factors mentioned above to find new ways to produce goods and services to market ([Britannica, 2019](#)). The four factors of production are inseparable, and ICT innovation change is at the heart of synchronising them when designing a smart city ([Myeong \*et al.\*, 2018](#)). There is a virtuous cycle among the factors of production. If the urban government can improve the efficiency of land use, land development, and land ownership, it stands to reason that it can use capital, local skill labour pool, and innovation/technology. Any improvement in innovation in land administration leads to an increase in the value of urban land measured by plot grade (Central business district, Transitional zone, and suburban fringes).

The increase in the value of urban land increases the municipality's wealth measured by municipal revenue. This association indicates that a convergence of the factors of production is necessary to enable the virtuous cycle of urban development to replace the vicious cycle of analogue/primitive technology, corruption, inefficient urban land use. While there are various views on the characterisation of a smart city, it is clear that a smart city adopts a virtuous cycle of urban development in sustaining productive and efficient cities ([Myeong \*et al.\*, 2018](#)). Cities are vital and responsible for economic growth, and if the land administration is not efficient, it can hamper its development efforts.

The historical background of land tenure systems in SSA countries since pre-colonial times is beyond the scope of this study. This section focuses on land ownership systems of SSA countries since post-colonial times. Land reform for this study is a piece of legislation that initiates the government's rural, peri-urban, and urban land reform program, including the pattern of land development, use, and ownership. Despite the study's hybrid literature that states rural and urban land, its main focus is on urban land reform and urban land administration. Rural and urban land have specific legislation in the Ethiopian context with a distinct nature of ownership and management. Hence, this section reviews the approaches, practices, and outcomes of land reforms in SSA countries and draws lessons from these practices to examine urban land administration practice in Ethiopia.

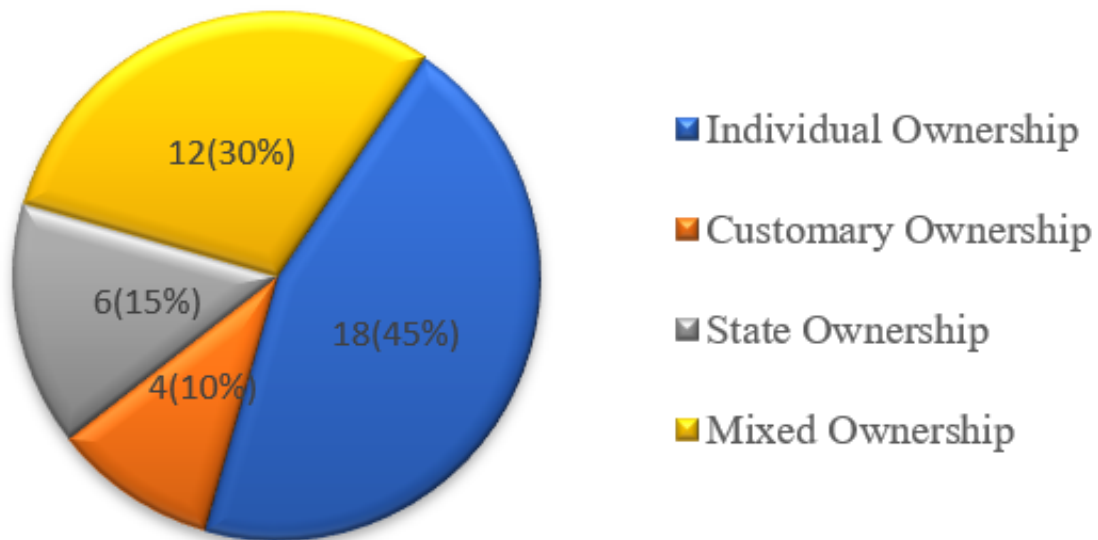
### 1.6.1 Urban Land Reforms and Urban Land Administration: Sub-Saharan Africa Experiences

While land reform conventionally refers to the redistribution of the physical asset (Shipton and Rodima-Taylor, 2015), land tenure reform refers to changes in the basic laws and socio-economic relations between the people and the land, including institutions determining, controlling, administering, and enforcing land rights and entitlements (Kalabamu, 2019). Land tenure security is an integral part of land policy reform (Fenske, 2011), and refers to the rights to use and transfer the land, and the autonomy to enjoy these rights (Brasselle *et al.*, 2002; Bambio and Bouayad Agha, 2018). Its security extends “from minimum shield when the landholder has a temporary, not necessarily exclusive claim on the land to maximum security when an individual has rights to a piece of land continuously, free from imposition or interference from outside sources” (Brasselle *et al.*, 2002, p. 279).

Before reviewing the approaches, practices, and outcomes of land reforms in SSA countries, it is imperative to discuss the land ownership systems in the context of SSA countries. Land ownership systems of SSA countries are categorized under four ownership systems: individual ownership, state ownership, customary ownership, and the mix of state and customary (Bruce, 1998; Crewett and Korf, 2008; Obeng-Odoom, 2012; Cobbinah and Aboagye, 2017; Kalabamu, 2019). These ownership systems branch into two broad and mutually exclusive schools of thought in the literature.

The first school of thought, where many SSA traditional land tenures belong, argues that land laws should be entrenched in the social capital philosophy. The customary ownership, state ownership, and state and customary ownership mix have been categorized under this school of thought. Under this category, while customary ownership acknowledges exclusive rights of land to communities, state ownership assigns the state to own and administer the land on behalf of the people in centralized economies (Williamson *et al.*, 2010). The fusion of state and customary ownership, on the other hand, is based on the idea that some land plots are governed under customary law with other plots controlled by the state. The second school of thought is individual ownership rooted in the capitalist system of production. Individual ownership recognizes land owned and sold based on individual decision-making (Alchian and Demsetz, 1973).

Figure 1.1 shows the proportion of ownership types of 40 SSA countries. Among the 40 SSA countries, eighteen countries are under individual ownership, four countries are under customary



Source: Adapted from [Bruce \(1998\)](#); [Crewett and Korf \(2008\)](#); [Deininger et al. \(2012\)](#); [Obeng-Odoom \(2012\)](#); [Cobbinah and Aboagye \(2017\)](#); [Siiba et al. \(2018\)](#); [Tura \(2018\)](#); [Chigbu et al. \(2019\)](#); [Fatema \(2019\)](#); [Kalabamu \(2019\)](#); [Cobbinah et al. \(2020\)](#); [Ngango and Hong \(2021\)](#)

Figure 1.1: Sub-Saharan Africa countries profile of land tenure

ownership, six countries are under state ownership, and the remaining twelve countries have mixed practices. The details of the ownership systems, approaches, practices, and outcomes of some SSA countries land reforms are as follows.

When many of the SSA countries gained independence, they made various policy reforms, one of which was the land policy reform ([Obeng-Odoom, 2012](#)). Although there were many reasons for land reforms, studies show that the independence of those countries from their colonial masters was the foundation ([Kalabamu, 2019](#)). This land policy reform also laid the groundwork for land administration reform. Countries such as Botswana, Democratic Republic of Congo (DRC), Ethiopia, Ghana, Kenya, Rwanda, South Africa, Tanzania, Zambia and Zimbabwe are among the SSA countries which undertook significant reforms to provide guarantees to investors against expropriation, nationalization, and confiscation of private property in the last three decades ([Kusiluka and Chiwambo, 2019](#)). Nevertheless, the literature on land reform has shown that land use and land ownership across the SSA countries portray conflicting roles in land administration ([Crewett and Korf, 2008](#); [Deininger et al., 2012](#); [Obeng-Odoom, 2012](#); [Cobbinah and Aboagye, 2017](#); [Siiba et al., 2018](#); [Tura, 2018](#); [Kalabamu, 2019](#); [Cobbinah et al., 2020](#)).

Botswana is among the six countries where the land ownership system lies under state ownership.



After gaining independence on September 30, 1966, Botswana's general land reform was made to increase land allocation to existing communities, improve tribal land administration, and enhance tribal land productivity and sustainability (Kalabamu, 2019). This aim is shared by countries such as Rwanda, Tanzania, and Zimbabwe, where land reforms were also intended to redistribute land to local communities and enhance land productivity. As in Botswana, land in Tanzania, Rwanda, and Ethiopia belongs to the state, and land rights is/was usufruct (use right) (Ambaye, 2013a; Tan *et al.*, 2021). For the first two years after the independence of Tanzania on December 9, 1961, significant attention was dedicated to debating land tenure policies and the significance of nationalization of land (Kironde, 2000). The political significance of nationalism lies in the fact that all lands belong to the country, and are administered by the government and legally vested in the President's hand as a trustee (Kusiluka and Chiwambo, 2019). The Land Acquisition Act of 1967 significantly expanded the power of the government to destroy customary rights for the benefit of the people. However, Kusiluka and Chiwambo (2019) found that the vast majority of urban and rural landowners do not own land titles, thereby limiting the use of land as collateral for credit provision. Although Ethiopia was never colonized, the aim of the land reform and the ownership of land is similar to that of Botswana, Rwanda, and Tanzania. The monarchical system's exclusive land distribution until 1974 and the military regime's ambiguous and arbitrary enforcement of land rights until 1991 led to the land reform in 1993 when rural land was redistributed to the local communities and urban land could be leased for a specific period. The government also declared state ownership of land in the 1995 Federal Democratic Republic of Ethiopia's (FDRE) constitution and the land lease proclamation and regulations (FDRE, 1995, 2011; TNRS, 2012).

The post-colonial Botswana government inherited three formalities in the land tenure systems: free land, royal land, and tribal or customary land offering varying bundles of rights to landowners (Kalabamu, 2019). While freehold landowners in Botswana enjoy unrestricted and exclusive control and freedom to use land as collateral, royal land is leased to individuals for 99 years (Ngango and Hong, 2021). Customary land tenure systems apply to areas or territories reserved for indigenous communities. Like the royal land leased to individuals for 99 years in Botswana, the government in Ethiopia is the sole urban land supplier for a fixed time: 99 years for residential housing, and 15 years for urban agriculture in any urban centre. The Tanzanian government also converted freeholds into government leases for no more than 99 years.

Ghana is among the twelve countries with a complex mix of land ownership which also preserved the customary land tenure system (Asiama *et al.*, 2021). The government has undertaken several changes to land administration, including land policy reform in 2003. Regardless of the land reform, Ghana's land tenure problem is fraught with contestation. One of the problems is the unequal distribution of land rights between men and women. The problem is rooted in the customary land ownership system, accounting for 80 percent of land in the country (Cobbinah *et al.*, 2020). Apart from the discriminatory nature of land ownership, the ambiguity between land ownership and governance contributes to the country's uncontrolled urban land market and development (Cobbinah *et al.*, 2020). The country's land policy does not provide a holistic and balanced approach to understanding the difference between customary land ownership and administration (Bütir *et al.*, 2017).

Like Ghana, Uganda's land policy reform is influenced by colonial rule impacts. Although the country followed the customary form of land ownership before colonization, studies have shown that Uganda's government of the time was forced to follow the individual system of land ownership following British colonial rule (Obeng-Odoom, 2012). The country was returned to the customary form of land ownership following her independence on October 9, 1962 (Obeng-Odoom, 2012). However, following Idi Amin's rise to power, the land fell into the hands of the government. This state ownership has brought various contestations from various angles of society that precipitated new land reform. As a result of the reform, the 1995 Constitution and the 1998 Land Code provide four different land tenure types: freehold, leasehold, customary, and *mailo*<sup>2</sup> (Bird and Venables, 2020). In addition, the 1998 Land Act provides room for the conversion of customary land to freehold land. According to the Land Act, people can convert the customary land to freehold land but not vice versa (Bird and Venables, 2020).

Like Ghana and Uganda, Zimbabwe shares similarities regarding the aim of the land reform and the forms of land ownership, however, the country is unique in terms of treating the colonial master in post-independence. The government expropriated land from the colonial masters, evacuated them, and adopted a land reform in 2000 to address historical inequities and injustices, land use efficiency, and environmental issues (Chigbu *et al.*, 2019). As a result, the country gained more in terms of fairness and social justice but less in terms of land use efficiency and environmental management

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<sup>2</sup>Mailo is a unique land tenure system in central Uganda where land is fully owned and used permanently.

(Chavunduka *et al.*, 2021). The patriarchal tenure system, escalation of land-based conflicts, and tenure insecurity have become very common in Zimbabwe (Chigbu *et al.*, 2019).

South Africa is among the eighteen countries with a complex individual land ownership. Within SSA, land tenure in South Africa is the most unsettled regarding land distribution, tenure security, expropriation, and compensation. The [Land Audit Report \(2017\)](#) shows that individuals, companies, and trusts own 90% of the 114 223 276 hectares of land. Individuals own 39% of this total land, followed by trusts at 31%; companies at 25%; community-based organisations (CBOs) at 4%; and co-ownership at 1% ([Land Audit Report, 2017](#)). The same individuals own most of these companies, trusts, and CBOs. The new land reform was enacted in South Africa in 1994, which the 1996 Constitution consolidated to redistribute and restitute land to address these inequalities and imbalances in land distribution. However, the Constitution and the land reform are ineffective in practice as over 72% of the land remains in the hands of white South Africans ([Land Audit Report, 2017](#)).

Similar to South Africa, the land and land administration reforms in Kenya are fraught with violent pasts. Colonial land ownership in Kenya has resulted in an unequal distribution of wealth, corruption, and elite domination. Significantly, tribal land issues that began during the colonial period have been exacerbated since independence ([Tan \*et al.\*, 2021](#)). Similar to South Africa, the government of Kenya promulgated a series of legislative and policy reforms such as the National Land Policy of 2009, the Land Act 2012, the Land Registration Act 2012, the National Land Commission Act 2012, the Land Bill 2015, the Community Land Act 2016, and the National Urban Development Policy of 2016 ([Tan \*et al.\*, 2021](#), p. 6). These policy interventions were aimed at improving land governance by recognizing and protecting different land tenure types and aligning land use policy to the Constitution. Despite these efforts, bureaucratic barriers and persistent corruption in land markets have manifested in the land sector, proving informal markets to be the right way to access land.

Zambia is among the four countries under the customary ownership. Like the other SSA countries mentioned above, Zambia's land was in the hands of colonial white settlers during the colonial period ([Smith, 2004](#); [Abanda \*et al.\*, 2011](#); [Sitko and Chamberlin, 2016](#)). The land was divided into the crown land of the white settlers, as well as the land of the natives and the land of trust for indigenous people ([Abanda \*et al.\*, 2011](#); [Sitko and Chamberlin, 2016](#)). While crown land was

generally located in the larger cities, ‘natives and trust land’ were rural lands. Following Zambia’s independence in 1964, the crown land was renamed as state land while natives and trust land were renamed as customary land. As a result, the 1995 Land Code recognizes a mixed land tenure system: customary land and government land as the country’s land tenure system (Sitko and Chamberlin, 2016). Although the land tenure system is named after a mixed land tenure system, it accounts for 94% of the customary land and the remaining 6% is state land (Abanda *et al.*, 2011). While traditional land administration falls under the control of chiefs, state land is administered by the government (Abanda *et al.*, 2011; Sitko and Chamberlin, 2016). However, the country’s land administration system is criticized for inefficient land delivery choices (Abanda *et al.*, 2011). In addition, the existence of massive undocumented customary and state lands is another weakness of the country’s land management system.

Like Zambia, the current land tenure system in the DRC is governed by traditional law and modern law (Fatema, 2019). As Fatema (2019) stated, while the customary system is prevalent in rural and indigenous areas modern law is more common in urban areas. However, the existence of politically motivated agendas and ambiguous land tenure systems affects land access in the DRC.

From the literature reviewed, it can be concluded that some of the reasons, approaches, practices, and outcomes of land reforms are shared across many SSA countries, while others are exclusive to the specific country. What makes the land reform of many SSA countries similar is the redistribution of land to local communities. This means that land is one of the resources sought by colonizers since the fall of many SSA countries under colonialism. As a result, colonizers dispossessed massive plots of land from local communities. Figure 1.2 shows Sub-Saharan Africa countries land reform.

After many SSA countries fought for independence, the first step they took was to redistribute land held by colonizers to local communities. Examples include Ghana, Botswana, Rwanda, and Zimbabwe. From this point of view, the Ethiopian land policy reform, although different in cause, is similar in the end goal. Although Ethiopia did not fall into the hands of colonizers, land remained in the hands of few nobilities until 1974. Due to its exclusive system of land use, the imperial regime was overthrown in 1974 and replaced by the military regime. Although the military regime received massive acceptance from rural farmers and urban residents due to the land redistribution policy to farmers and urban dwellers without paying compensation, the government was overthrown in 1991 due to implementation problems. The first new land reform took place two years after the

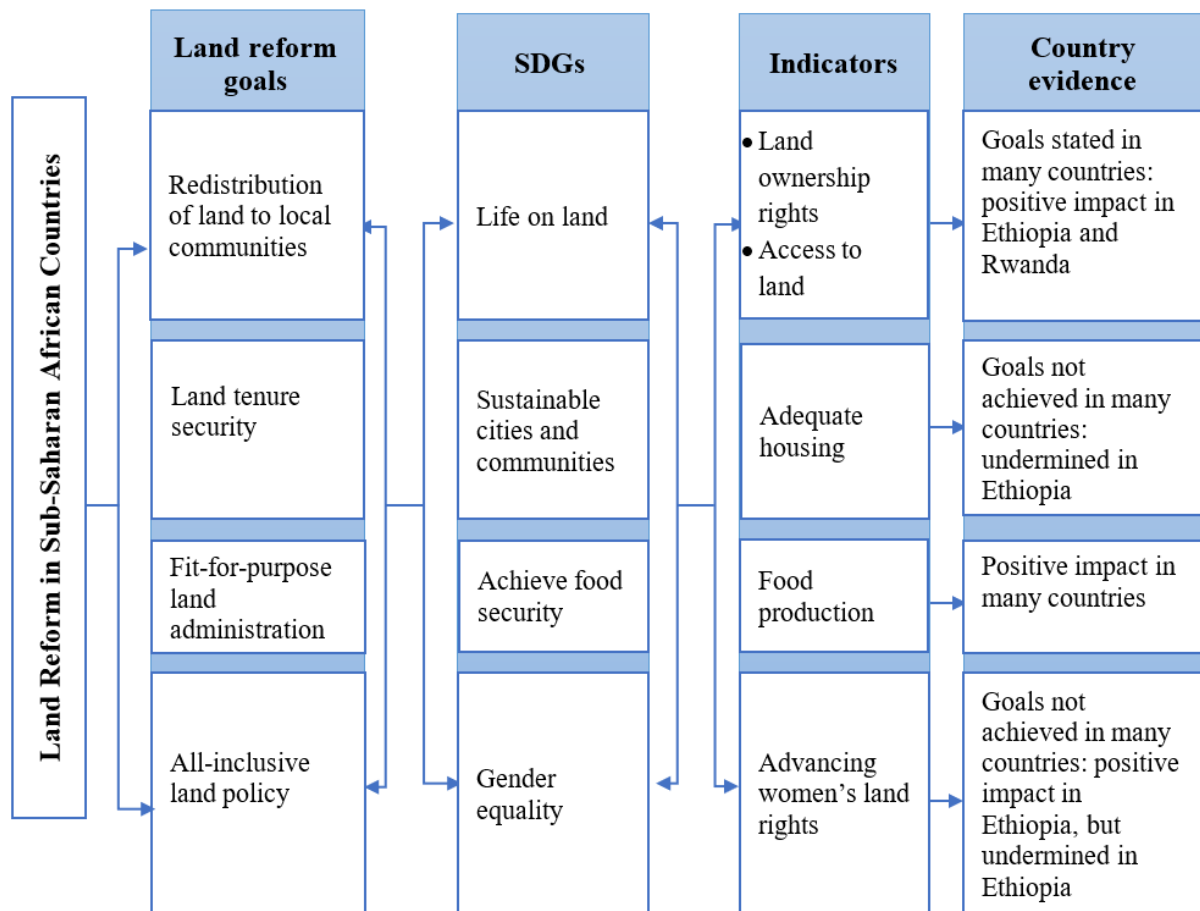


Figure 1.2: Sub-Saharan Africa countries land reform

EPRDF came to power in 1993. Unlike many SSA countries, urban and rural land ownership and management are different.

Figure 1.2 demonstrates a synthesis of land reforms and land administration in SSA countries. The synthesis is seen from the land reform goals, sustainable development goals (SDGs), indicators of the reform, and country evidence. Although there are specificities about approaches, practices, and outcomes of land reforms, the reform of many SSA countries was intended to redistribute land to local communities, ensure tenure security, enact an all-inclusive land policy, and instil context-specific land administration.

Land and SDGs are hand and glove. All the targets and indicators of the SDGs are related to land in which land plays an essential role in accelerating the goals of SDGs. Sustainable land use plays an essential role in coping with essential ecological services by ensuring shared prosperity and

security. As indicated in Figure 1.2, providing land ownership certificates, accessibility of land for housing, food production, and ensuring gender equality are among the indicators to achieve SDGs within the context of land. The literature shows that the results from the countries' evidence is mixed. Many countries stated the significance of land ownership rights in their policy reform. A positive impact has been found in countries such as Ethiopia and Rwanda. The land ownership certificate has brought positive impacts on land security in Ethiopia, with over 25 million parcels already registered and given rural land certification (Deininger *et al.*, 2012).

### 1.6.2 Urban Land Administration Reform in Ethiopia: An Overview

Ethiopia has a solid claim to being the oldest country in the world. Its historic origin goes back to over 4,000 years ago (Henze, 2000). It is bordered by Eritrea in the north, Djibouti in the east, Somalia in the south-east, Kenya in the south, and Sudan in the west (Adejumobi, 2007). The country had undergone many changes before it assumed the present boundaries during the end of the 19<sup>th</sup> century (Henze, 2000). Ethiopia's economy mainly depends on agriculture (World Bank, 2016).

Over the years, Ethiopia remained under a centralized administration system until it was declared a federal state through its Constitution of 1995 (FDRE, 1995). The Federal State comprises ten regional states and two city administrations (Dire Dawa and Addis Ababa). It has a parliamentary system of government with bi-cameral houses: the House of Federation (HF) and the House of Peoples' Representatives (HPR) (FDRE, 1995). Figure 1.3 represents the current map of Ethiopia.

The country has experienced various land and land administration reforms in the past three regimes regarding land issues. It was changed from the feudalistic land tenure system of the monarchy during the Emperor Haileselassie government (1930–1974), to communist land policies of the Derg (military government) (1975–1991), and the federalist land policies of the EPRDF government (Crewett and Korf, 2008). Until the military government had controlled power in 1974, the traditional tenure system – locally called the *Irist*<sup>3</sup> (lineage usufructuary right) system was the dominant land ownership system in Ethiopia (Hailu, 2016). The Orthodox Church also controlled rural land because of its major role in preaching to the people to observe the emperor (Ambaye, 2012). However, in 1975, Derg introduced the public ownership of rural land by abolishing the traditional

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<sup>3</sup>Irist is the traditional tenure system of land ownership in Ethiopia before 1974.



Source: Retrieved from [World Map \(2012\)](#)

Figure 1.3: The current map of Ethiopia

*Irist* system with the motto of "Land to the tiller" and enacted rural land proclamation no. 31/1975 to implement. However, the first two regimes had left the people of Ethiopia under doubt about their land rights ([Ambaye, 2012](#); [Alemu, 2013](#)).

After the EPRDF took power in 1991, many development initiatives were introduced. These initiatives aimed to secure land ownership, expedite urban development, and support infrastructural investment ([Bennett and Alemie, 2016](#)). As stated in Article 40 of the 1995 FDRE Constitution, urban and rural land ownership is given to the Nation, Nationalities, and Peoples of Ethiopia and the State ([FDRE, 1995](#)). In addition, as stated in Article 89, Sub-Article 5 of the FDRE Constitution, the government has the responsibility to ensure that the land and natural resources are held in the people's name and used for the common good and development of the people ([FDRE, 1995](#)). Its detailed administration is determined by the legislation of the regional states and city administrations.



The Federal and Regional Constitutions, the Federal Proclamation, Regional Regulations, and Directives allow farmers and pastoralists to get free land and hold rights certificates (FDRE, 1995, 2011; TNRS, 2012, 2014). The farmers and pastoralists have rights such as land use without time limitation, inheritance, and land exchange among farmers and pastoralists. The rural landholding legislation, however, prohibits selling to a third person (FDRE, 2005).

Regarding urban land, which is the main focus of this study, the first urban land lease proclamation was enacted in 1993 to govern urban land in Ethiopia (TGE, 1993). The 1993 proclamation was modified in 2002 and 2011 (FDRE, 2002, 2011). Besides, the EPRDF government decentralized land administration functions to the local governments, in which the regional states design key land regulations (FDRE, 1995). Furthermore, the FDRE Constitution promulgated in 1995 gives the regional governments the authority to govern urban land in their respective domain (FDRE, 1995; Wubneh, 2018). Figure 1.4 indicates the current land administration systems of Ethiopia.

Figure 1.4 indicates the current land administration systems in Ethiopia, and demonstrates that land is the collective possession of Ethiopian nations, nationalities, and peoples owned by the government on their behalf (FDRE, 1995). The Federal Constitution has devolved the power of governing rural land to the regional states, and the regional governments empowered the *woredas* and *kebeles*<sup>4</sup> to redistribute land and issue certificates to the local farmers (FDRE, 1995).

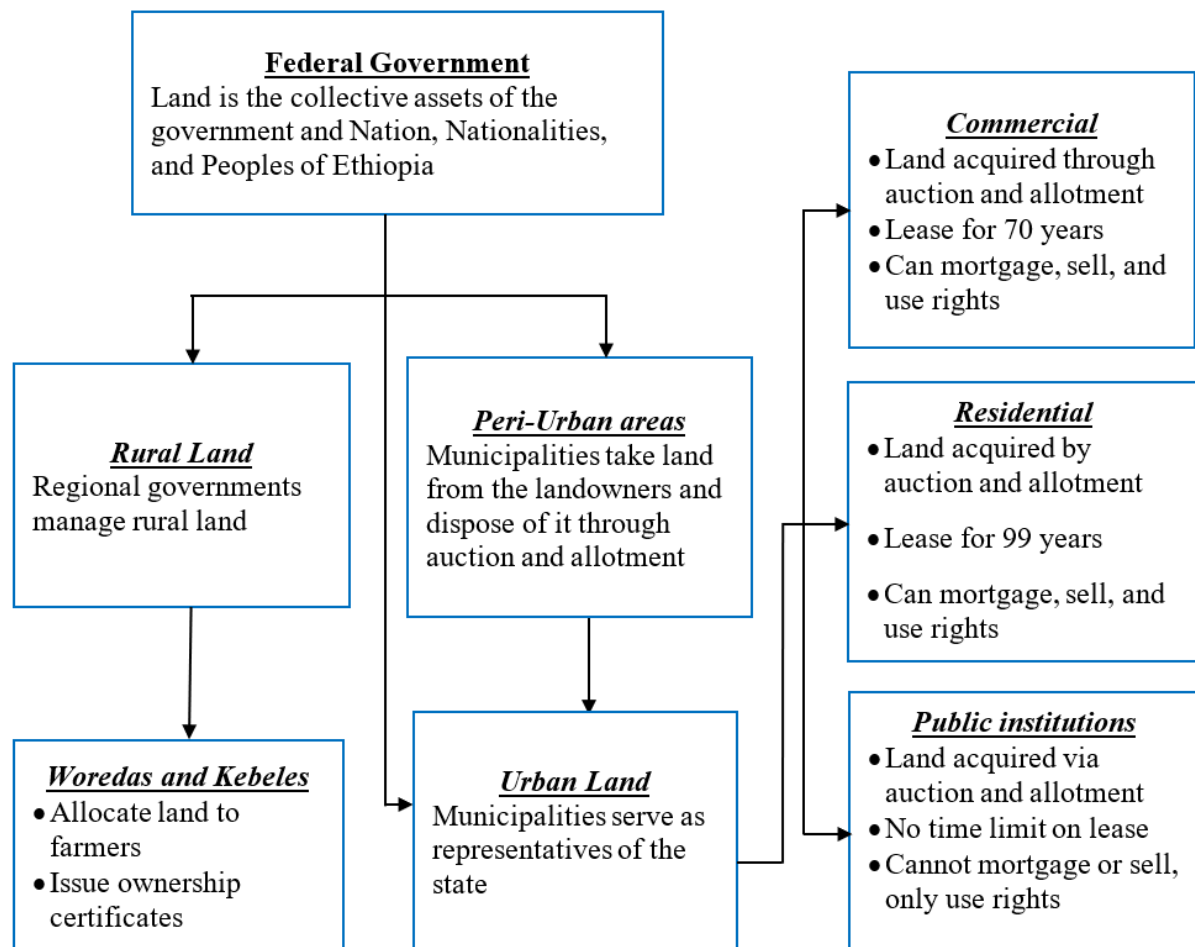
The peri-urban areas are close to the rural regions, where formal and informal land transactions exist. The municipalities allocate land to diverse groups in urban areas based on lease and allotments (FDRE, 2011; Wubneh, 2018). The lease system extends for 15 years for urban agriculture, 60 years for commercial, 70 years for industrial, 90 years for institutions, and 99 years for residential (FDRE, 2011).

Currently, the urban land is acquired through ‘auction and allotment’. According to the Urban Lands Lease Holding of Ethiopia, Proclamation No. 721/2011, while auction/ tender means a modality of transferring the urban land lease to a bid winner fulfilling the competition requirements issued based on the rule of market competition of urban land tenure, allotment means a modality applied for providing urban lands by lease to institutions that could not be accommodated by way of tender/auction (FDRE, 2011). The details of how the two terms work are discussed in Chapter 5. The legislation in this regard states that leases are the primary system of land allocation,

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<sup>4</sup>Woredas and kebeles are local names for the decentralized levels of government.





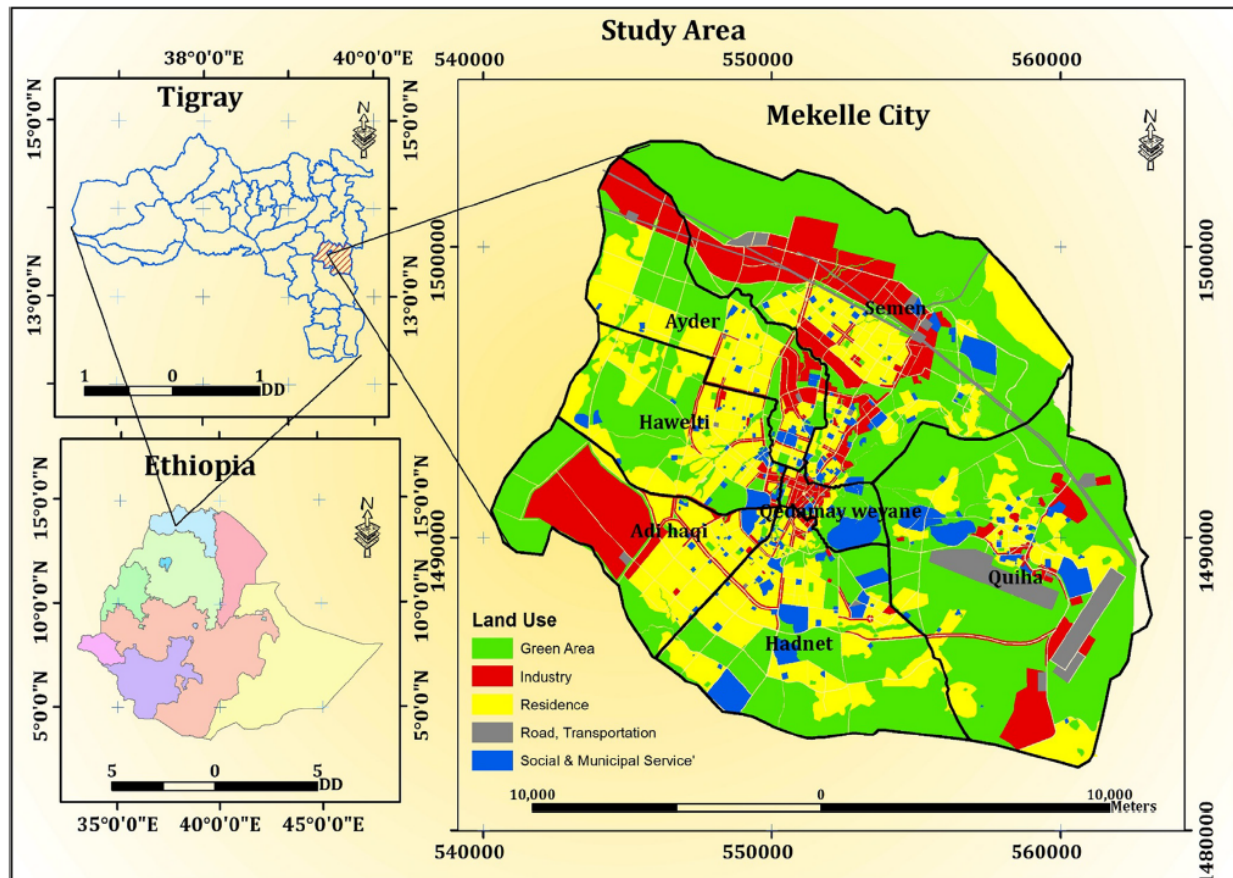
Source: Adapted from *FDRE (1995, 2011)*; *TNRS (2006, 2014)*; *Wubneh (2018)*

Figure 1.4: The present landholding systems in Ethiopia

including transferring the old land possessions to the lease system in the long run. Apart from the auction, the legislation allows allotment to transfer land to associations, government institutions, non-governmental organizations (NGOs), condominium housing, self-help housing, and religious institutions to ensure fairness and achieve other socio-economic purposes. Concerning allotment, regional governments decide which individuals and institutions qualify for allotment.

Tigray National Regional State has a similar historical development to the rest of the regional states of the country. It secured its autonomy to administer urban and rural land after the collapse of the military regime in 1991 (*FDRE, 1995*). The total population of the region was 7,070,260 in 2020. Mekelle City, the capital city of the Tigray National Regional State, is divided into seven sub-cities inhabited by 215,546 people (*World Population Review, 2020*). The city was the capital city of

Ethiopia during the time of Emperor Yohannes IV from 1872–1889. Mekelle is located 783km to the north of Addis Ababa at a latitude and longitude of N 13°29' and E 39°28' respectively, with an elevation of 2,084 metres above sea level (Negese *et al.*, 2017, p. 6). Figure 1.5 shows map of Mekelle City.



Source: Adopted from Gebremedhn and Raman (2020)

Figure 1.5: Map of Mekelle City, Ethiopia

Mekelle City is the third biggest city in Ethiopia, after to Addis Ababa and Dire Dawa (Fenta *et al.*, 2017). The city is characterized by inadequate municipal infrastructure provision and unsuccessful handling of land and land-related problems. According to the UN-Habitat City prosperity index of 2015, the city is fragile in terms of urban mobility (30.53%), social infrastructure (36.85%), and economic agglomeration (33.91%). People's participation in development issues has reduced from 81.5% in 2013 to 45.27% in 2015 (UN-Habitat, 2015).

The municipality revised the 2005 physical boundary of the city in 2011. As a result, many rural

inhabitants officially became urban dwellers from that time. The city’s built-up area is expanding because of the demands for and investments in public institutions, private enterprises, and residential houses (Fenta *et al.*, 2017).

### 1.6.3 Conceptual Framework of the Study

The challenges of land and land administration reforms were introduced in Section 1.2. The main intent of this section is to demonstrate a brief conceptual framework of the study. This framework is instrumental in examining the dynamics of urban land administration and its ability to achieve quality service delivery and customer satisfaction. The detailed framework employed to guide each objective outlined in this dissertation is discussed in each chapter.

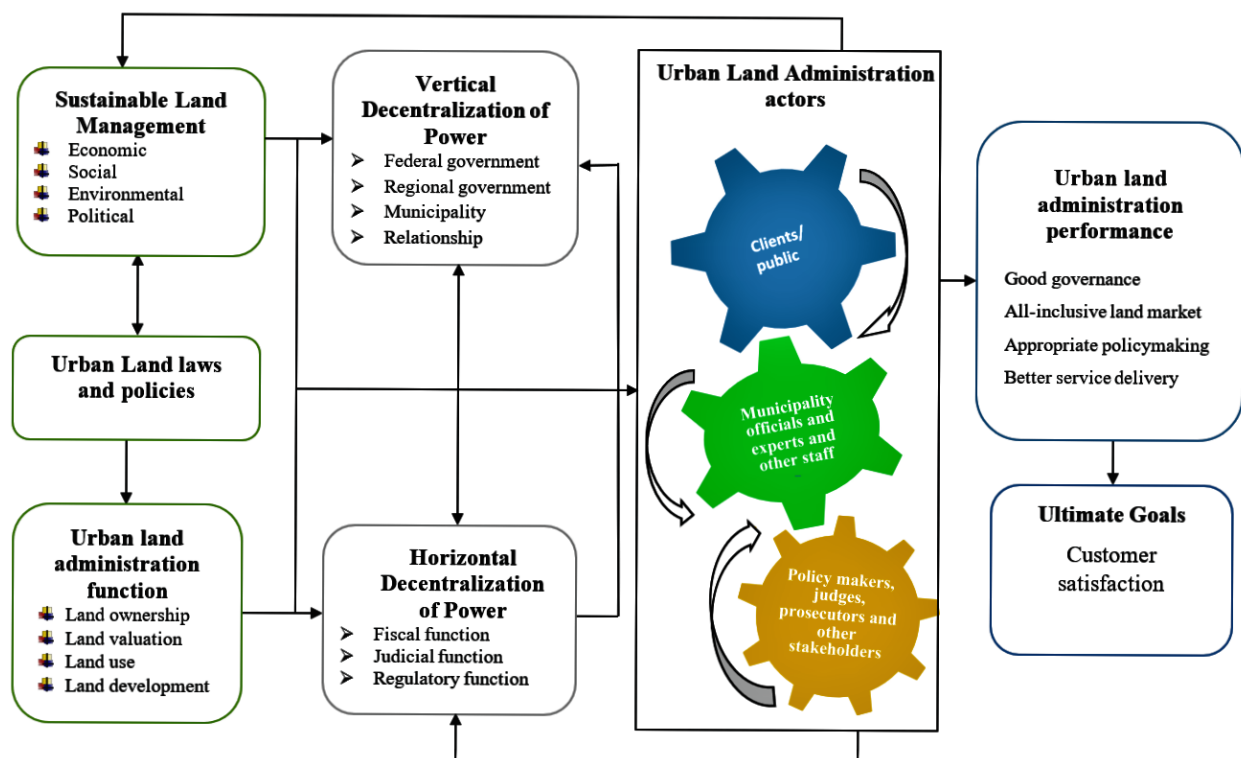


Figure 1.6: A Conceptual framework to assess urban land administration

As indicated in Figure 1.6, sustainable land management has three primary wings: social, economic, and environmental, which are highly interlinked. The political backing is significant in the implementation of these three wings. Urban land policies are enacted based on these dimensions. Urban land administration actors in Ethiopia play various roles in urban land policy design and implementation functions, and these functions can be categorized as “land ownership, land use,

land value, and land development” (Williamson *et al.*, 2010, p. 120). These functions are derived from the urban land laws and policies and are required to correlate with the broader framework of sustainable land management.

Figure 1.6 further emphasizes the political leadership in terms of horizontal and vertical division of power and functions among the different levels of government. On the one hand, the federal government is responsible for designing land administration proclamations and decentralizing the policies’ implementation to the regional states. On the other hand, the regional states have the mandate to articulate their land allocation and valuation regulations and directives based on the federal land policy.

Urban land administration actors are responsible for taking land from the rural landowners by paying proper compensation. They are also involved in distributing the land through auctions and allotments, enhancing tenure security, collecting land taxes, and other land-based tasks to their clients. This creates a linkage between “juridical functions to land ownership and land lease security, regulatory functions to land use and development, and fiscal functions to land valuation and taxation” (Ghebru and Okumo, 2016). The effectiveness of the three functions mentioned above depends on financial and technical capacities, leadership competency, and the integration among these functions in their day-to-day activities and decisions. Accordingly, the beneficiaries who own land have the right to secure their land, and those who do not own land have the right to compete for a parcel of a land lease by following all the regulations stated in the country’s land policies.

Figure 1.6 also indicates the land administrator’s role in achieving good governance, efficient and effective land market prices, and designing appropriate policies for delivering better services. The precondition for sound urban land governance is for the service recipients to understand their rights and obligations and for the service providers to enhance good governance, improve the land lease market and deliver better services. Good governance positively affects urban land administration because it can make officials and staff accountable, transparent, impartial, and responsive. It can also open the door for the involvement of the public in urban development. However, any weakness in any of the principles of good governance opens the way for corruption and compromises service delivery.

#### 1.6.4 A political Economy Theory of Land Administration

This section is not to discuss detailed theories of land governance, land market and land policies, but rather it aims to highlight the theoretical base that guides the entire study. The rationale is because the main chapters comprise theoretical frameworks cascaded from this general theory that guide the specific findings and discussion. Thus, this section presents land administration from an entangled political economy framework, in contrast to the standard framework of additive political economy as [Copestake and Williams \(2012\)](#); [Chasukwa \(2013\)](#); [Fox \(2014\)](#); [Wagner \(2019\)](#) used for similar studies.

Before directly diving into the political economy theory, clarifying the difference between the terms ‘additive political economy and entangled political economy’ in the context of land administration is imperative. As a best example, [Wagner \(2019, p. 1\)](#) in describing additive political economy, argued that

*“We can see members of parliament, the officials of politically sponsored agencies, and the buildings they occupy. But these are only pieces of the object we denote as a polity. Likewise, we can see business executives and their places of business, but these too are pieces of the object we denote as economy or market”.*

In this description, [Wagner \(2019\)](#) conceived of political economy as the addition of polity and economy, an expression that can be summarized as  $Political - economy = Polity + Economy$ .

In an additive political economy, a free-market economy theory can be presented without reference to politics as politics is confined to correcting the resource allocations to create market interactions. In this regard, those studying economics readily accepted political economy as being the same as economics, given that a political climate is carried out in economic choices. In an extreme manner, even economics were detached from the government to stream rigorous systems of evaluating personal deeds and markets ([Drazen, 2018](#)). Thus, economic choices and political bodies were thought as independent of each other. However, currently it is common to see an increasing number of economists considering the longstanding inquiry of how politics shape economic impacts, under which the concept of entangled political economy attained momentum. Probably the first thing that needed to be done when it comes to entangled political economy is to go beyond the additive political economy to comprehend what one cannot directly observe with an ordinary eye ([Wagner,](#)

2019).

Unlike the additive political economy, entangled political economy is a complex integration of political economy that cannot be fully comprehended by observation (Wagner, 2019). Drazen (2018); Wagner (2019) are among the proponents of an entangled political economy. For example, Wagner (2019) argued that an entangled political economy is an ideological paradigm that denies the independence of political and economic activity, holding instead that politics and economics are mutually inclusive. As a tool of analysis, the entangled political economy framework values the interconnectedness of politics and economics in the world despite the level of impact on each other. Therefore, an entangled political economy is a stimulating theoretical perspective for researchers who scrutinize issues related to politics and the market (Chasukwa, 2013).

In relation to entangled political economy, Drazen (2018) advised economic researchers that

*“Economists must know their economic models and understand politics, interests, conflicts, and passions, unfolding the essence of collective life. You could make changes by decree, but you must build coalitions and bring people around to let them persist. You have to be a politician”* (Drazen, 2018, p. 3).

To comprehend the entangled political economy, it is imperative to first hypothesize the object of interest under investigation. In this study, land administration is the main subject of investigation from good governance, land market and land policy angles. Land as one resource of society and land administration as a tool to realize the best use of land attracted sociologists, political scientists, and political economist researchers in the field of land, indicating its interdisciplinary nature (Pugh, 1996; Ding and Zhao, 2014; Vongpraseuth and Choi, 2015; Wagner, 2019).

The economic side of the political economy of urban land is understood as it deals with the optimum use of urban land at the expense of the agrarian people (Chasukwa, 2013). The debate is that the frameworks of economics encroach on the realm of government policies, especially as economic choices have to be made vis-à-vis how land is to be used optimally. The decision-making process takes place at the authority level and among diverse players with a stake, for example, in maximum land utilization. On the other side, the political side of the political economy of land is understood as the exercise of authority in land administration (Chasukwa, 2013). In this regard, the thought on power flux makes the political economy a valuable tool in realizing land reform. The political economy analysis provides a better sense of land policymaking procedures by recognizing where



the key scenarios for land reform exist, how land reform opportunities can be used, and how the impediments are solved (Copestake and Williams, 2012).

Hence, the political economy framework is an ideal theoretical framework for this study because this study deals with how political institutions of land governance, land policies, and the economic environment of land lease influence each other in land use, land valuation, land ownership, and land development. In this study, the critical feature of the political economy study is reflected in answering how governance (power and authority) impacts the quality of service delivery and customer satisfaction, how the dynamics of land demand and supply affect the lease market, and how urban land policies affect the fairness principle in land lease allotment and efficiency (free-market) principle in land lease auction.

## 1.7 Research Methodology

Social science research lies between two methodological debates: nomothetic and ideographic (Burrell and Morgan, 2019). These methodological debates emanate from scientific and standardized protocols and techniques to collect and analyze data. It answers how the required knowledge can be obtained, which precise procedure can be employed, and which data can be gathered (Grix, 2002). The nomothetic approach to social science underlines the importance of using standardized data collection and analytical tools. This approach uses standardized data collection and analysis. The ideographic method of data collection, on the other hand, emphasizes the importance of permitting study participants to express the nature and characteristics of the phenomena under investigation (Burrell and Morgan, 2019). Researchers can also analyze the issues by getting inside the situations found in the archives, biographies, and journalism records involved in everyday life.

This study hybridizes the nomothetic and ideographic methodological approaches to generate quantitative and qualitative data in urban land administration. As Creswell (2014) argued, a hybrid research approach is vital to capitalize on quantitative and qualitative approaches, thus removing biases in any single research method. To this end, this study applied a case study design to acquire complete and multi-directional qualitative and quantitative data from the perception and experiences of respondents who are victims or beneficiaries of the urban land administration system. It assumed a nomothetic method with a standardized and quantitative method of data analysis to test the theory based on systematic precision (see Chapter 2, Chapter 3, and Chapter 4). It also

used an ideographic method with the non-standardized and qualitative data collection and analysis method (see Chapter 5 and Chapter 6). Thus, the research instruments used in the chapters are different depending on the type and nature of the data.

There is one assumption that qualitative data collection and interpretation may compromise the quality of the results. This question emanates from two angles: from the source of data and the researcher. Firstly, the survey respondents and interviewees may have a subjective understanding of the issues under investigation and provide personal answers. Secondly, the researchers may struggle to distance self from the issue under investigation, in which the existing knowledge and experiences of the researcher can influence the results of the study. To reduce if not avoid the quality compromise question, two primary mechanisms were applied in the present study. First, the data collected from the survey respondents and interviewees were guided by theoretical template in this study. Second, the qualitative data were complemented by the quantitative data, a process described in research methodology literature as data source triangulation. The details about the triangulated data sources are presented in the separate chapters (see Chapter 2, Chapter 3, Chapter 5, and Chapter 6).

## 1.8 Structure of the Study

The study is about urban land administration in Ethiopia. Evidence was taken from Mekelle City, Ethiopia. The study comprises seven chapters, including the introduction chapter. Each chapter consists of unique concepts, theories, and methodologies that correspond to each research objective. Figure 1.7 shows The structure of the study.

- *Chapter One: Introductory chapter*

The first chapter presents the background of the study, entailing SSA land reform and administration issues and narrowing down to Ethiopia. This is followed by the problem statement and motivation section, which presents the justification for the analyses in Ethiopia, linking it with previous similar studies to draw out the research gap. Next, the significance, objectives, research questions, and limitations of the study are presented. Finally the research's conceptual, theoretical, and methodological underpinning is drawn to manage the overall study.

- *Chapter Two: Good Governance Index Towards Responsive Urban Land Administration: Empirical Evidence from Mekelle City, Ethiopia*



The first empirical question is addressed in Chapters Two. In Chapter Two, the empirical question is addressed by generating a good governance index/framework that fits the context of urban land administration. This scrutinization settles how land administration is measured from a good governance perspective. The analysis begins with a top-down approach, reviewing various studies on good governance principles followed by a bottom-up approach in which 399 respondents were selected using a simple random sampling technique to weigh the significance of the principles of good governance. Finally, the finding is presented, followed by a discussion, and conclusion. The result of this chapter backs up the next chapter to empirically examine the implementation level of the principles of good governance in urban land administration in Mekelle City. The chapter is published as a research article in *Administratio Publica* ([Gebrihet and Pillay, 2020a](#))

- *Chapter Three: Good Governance in Urban Land Administration in Ethiopia: Empirical Evidence from Mekelle City*

The second research question is answered in Chapter Three. It interrogates how good governance principles are implemented and how they correlate with customer satisfaction in urban land administration. The investigation is based on the principles and parameters adopted from Chapter Two. It starts with an introduction to land governance. Then, a brief conceptual, theoretical, and empirical review are provided to guide the analysis. This section also discusses the relevance of adopting a pragmatic research paradigm and gives a short description of the sampling strategy. A survey questionnaire and semi-structured interviews were used to obtain the desired data. The city was selected to reflect the decentralized system of governance in Ethiopia. The data was analyzed using a logistic regression model and content analysis. Following this, the findings, discussion, and conclusion are presented. The result provides adequate evidence of the magnitude of implementation of the principles of good governance and their level of correlation with customer satisfaction in urban land administration. The inferences hold significance for policy implication in urban land management, especially for other SSA countries contending with rapid urbanization. This study reinforces the limited number of studies that have assessed the quality of urban land governance. The chapter is published as a research article in *Journal of Public Administration* ([Gebrihet and Pillay, 2021c](#)).

- *Chapter Four: The Dynamics of Urban Land Market in Ethiopia: Empirical Evidence from Mekelle City*

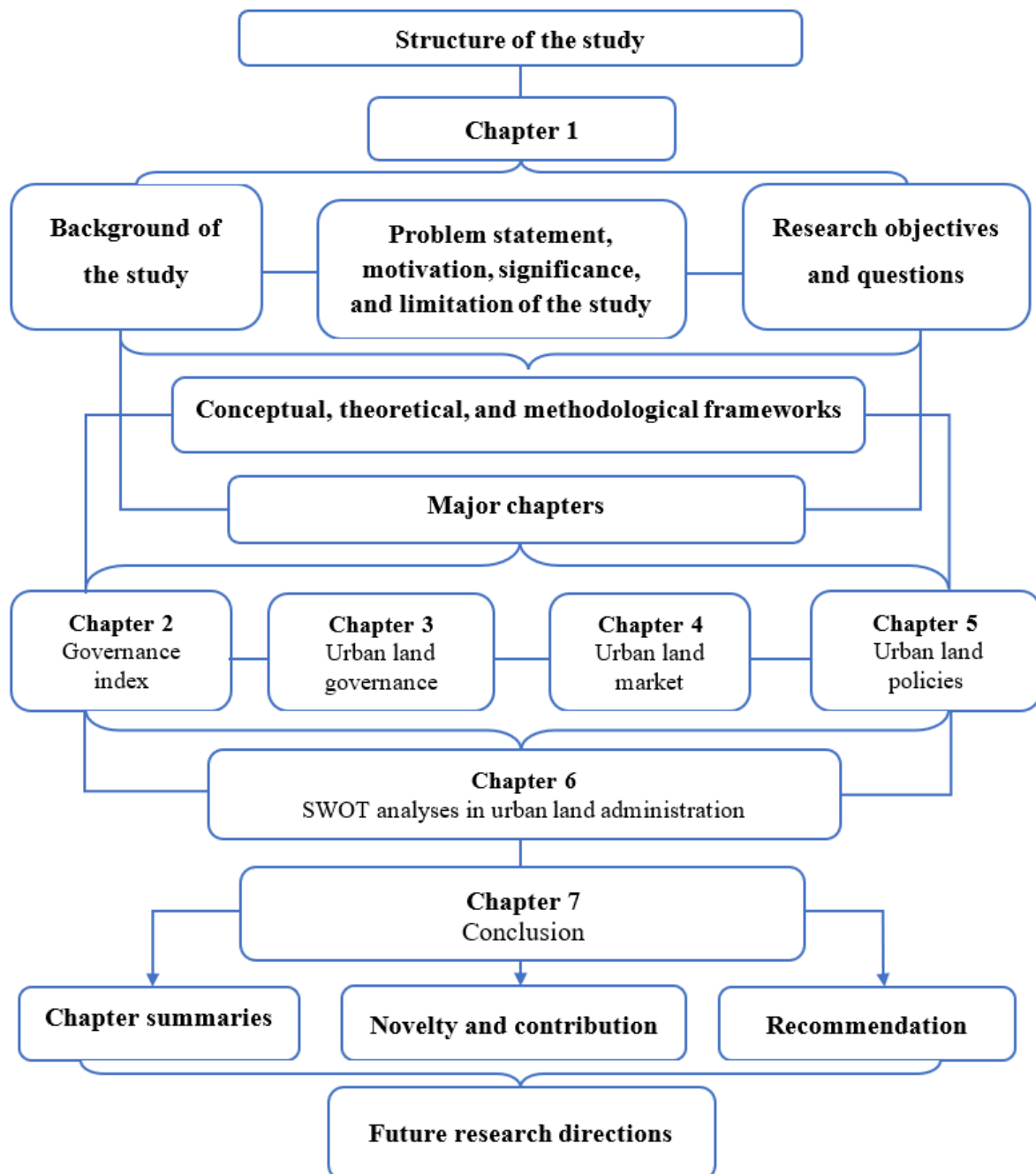


Figure 1.7: The structure of the study

The third research question is answered in Chapter Four. It interrogates how urban land market dynamics have responded to the inherent challenges of land demand and supply in Ethiopia with empirical evidence from Mekelle City. The chapter starts with a brief introduction of urban land market values followed by conceptual, theoretical, and practical reviews of the urban land market. A conceptual framework was developed from the conceptual and theoretical perspectives reviewed in this section. It includes null and alternative hypotheses of the determinants of the urban land lease market. Unlike in Chapters Two and Three, Chapter Four utilizes six-year land lease data obtained from Mekelle municipality. Using Pooled ordinary least Square (OLS) methodology, the investigation provides empirical insight into the effect and magnitude of land demand and supply on markup price, which was inadequately investigated in SSA to the best knowledge of the researcher. The contribution of Chapter Four to the literature is the use of demand- and supply-driven variables in measuring the determinants of urban land lease prices. The finding of this study agrees with various studies that have been conducted outside Ethiopia. The chapter is published as a research article in the *International Journal of Economics and Business Administration* ([Gebrihet and Pillay, 2020b](#)).

- *Chapter Five: The Rhetoric and Praxis of Ethiopian Urban land Policies*

The fifth chapter answers the fourth research question of the study. In Chapter Five, the empirical question integrates how the Federal and Tigray National Regional State urban land lease policies align at rhetoric and practice levels. It introduces the typical features of land policies in developing countries of Africa and was guided by the conceptual framework developed from the conceptual and theoretical perspectives. In this study, rhetoric-informed and practice-based policy discourse analyses were combined to analyze the urban land policies and the opinions of the interviewees on the practice. The conceptual and theoretical perspectives of policy implementations were reviewed, followed by the synthesis of three policy formulation and implementation models: a top-down approach, a bottom-up approach, and a hybrid approach. The anticipation in this chapter was that such research would provide evidence of whether those policies have an inherent problem, or what the central gap is when practicing them on the ground. Indeed, after combining the rhetoric-informed and practice-based policy discourse analysis, both policy and practice gaps have been found. The chapter is published as a research article in the *African Journal of Public Affairs*. ([Gebrihet and Pillay, 2021b](#))

- *Chapter Six: SWOT Analyses in Urban Land Administration in Ethiopia: Empirical Evidence from Mekelle City*

The sixth chapter answers the fifth and last research question of the study. It presents a novel SWOT analysis in urban land administration in Ethiopia. The chapter was designed based on the first three research questions, basically three dimensions of urban land administration: good governance, land market, and urban land policies. Data was synthesized from the first three main objectives, key informant interviews, and secondary sources. It systematically identified context-specific, enabling, and impeding capacity components in urban land administration. A conceptual framework was developed based on the theoretical and empirical literature review. A methodology was followed where the research method and materials used for the SWOT analysis were synthesized. Findings and discussions on key issues emerging on the performance of urban land administration institutions was undertaken based on the introduced framework. Finally, concluding remarks and policy implications encapsulating future research are demonstrated from the results. The chapter is published as a research article in *Administratio Publica* ([Gebrihet and Pillay, 2021a](#)).

- *Chapter Seven: General Conclusion*

In conclusion, the study's key findings are discussed in Chapter Seven, followed by theoretical, methodological, policy, and practical contributions. The study also comprises policy implications, practical implications of the results, and issues for further investigation.

## CHAPTER 2

# GOOD GOVERNANCE INDEX TOWARDS RESPONSIVE URBAN LAND ADMINISTRATION: EMPIRICAL EVIDENCE FROM MEKELLE CITY, ETHIOPIA

This is a published paper in the *Administratio Publica*, 2020, 28(3), 146–166.

### 2.1 Introduction

Good governance has become a commonly used term in academic discourses and ordinary debates about how the government, private sectors, and civic societies manage self and their relationship with the broader community (Colebatch, 2014; Peters, 2014). The World Bank introduced good governance to achieve viable development in SSA countries (Ghosh and Siddique, 2015). Since 1999 good governance has been utilized increasingly in urban land administration to enhance human settlements in urbanizing territories (UN-Habitat, 2008; Dool *et al.*, 2015). Since its emergence, it has been considered a prerequisite for urban sustainability (Kemp and Parto, 2005; Monkelbaan, 2019).

As the world moves into the urban age, cities become the leading home for humankind and the engine rooms for the entire human development (UN-Habitat, 2012). Urbanization has become a global phenomenon sweeping across nations despite their political and socio-economic level (Kariuki, 2020). However, this process of urbanization has both merits and shortcomings. On the one hand, cities have a dynamic function in a national economic and technological revolution, while on the other hand, cities are spaces where conflict over land resources manifest, inefficient urban services ascend, and informal settlements and slums emanate (Dawson *et al.*, 2014). City spaces are enormously complex, contested by several organizations and other stakeholders' conflicting interests (Ruhlandt, 2018).

Szeftel (2000); UN-Habitat (2012) argue that governance is both a cause and a solution towards the stumbling blocks of urban land administration. It is a cause for concern because impediments to efficient administration result from maladministration, and it is a solution because the obstacles can be addressed through the proper application of good governance principles. However, the

principles of good governance – inter alia transparency, accountability, fairness and equality, public participation, responsiveness, the rule of law, and control of corruption – have various levels of contribution across different sectors when goods and services are delivered (Kaufmann *et al.*, 2011; Gismar *et al.*, 2013).

Given the significance of good governance in addressing maladministration, several studies have assessed the evolution and form of the principles of good governance in public administration. However, less attention has been paid to generating a good governance index that comprehensively addresses the challenges of urban land administration (Abrams *et al.*, 2003; Lockwood, 2010; Kaufmann *et al.*, 2011; Schaap *et al.*, 2015; Fraj *et al.*, 2018; Aina *et al.*, 2019). Also, studies that had generated a good governance framework outside the context of land administration used a few expert opinions to measure the significance of good governance principles (Biswas *et al.*, 2019). However, Biswas *et al.* (2019) confirmed the use of expert opinion as a limitation of their study and suggested that clients' opinions can provide an alternative approach to developing a good governance framework. The justification is because clients or the community, rather than experts, are the direct victims of the maladministration or the beneficiaries of good administration.

The contribution of this section of the study is twofold. First, it exhaustively identified good governance principles and parameters from various and diversified databases and publications. Second, it generated a context-specific good governance index from the clients' opinions to address maladministration.

This chapter is structured as follows. The first section presents the introduction and contribution of the study. The introduction section in Section 2.1 is followed by conceptual background and theoretical perspectives encompassing good governance and responsible land administration theory in Section 2.2. Following this, the conceptual framework is drawn from the reviewed concepts and theoretical literature. The methodology is presented in Section 2.3, the findings in Section 2.4, a discussion of the findings in Section 2.5, and the conclusion and policy implications in Section 2.6.

## 2.2 Literature Review

In this section, the concept, theoretical, and empirical foundations of governance are discussed. Those concepts, theoretical, and empirical foundations were utilized to identify the principles of good governance that could fit urban land administration.

### 2.2.1 Governance and Good Governance: ‘Dilemmas and Debates’

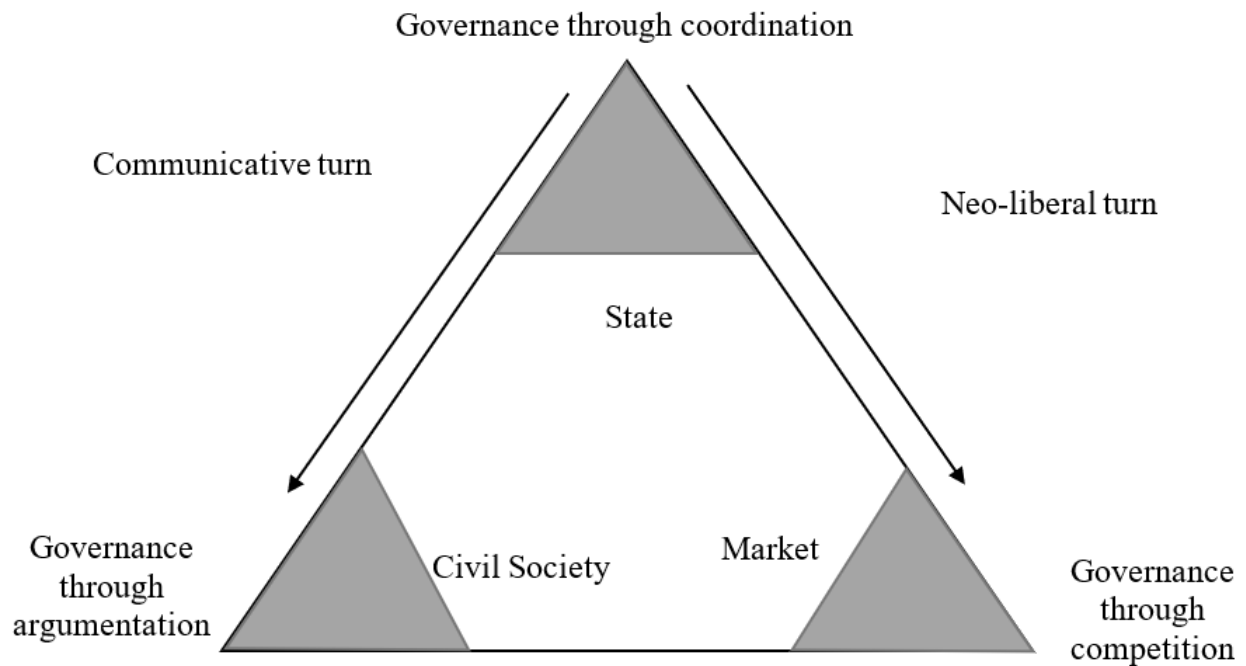
Governance and good governance are contested and elusive terms. The contestation and elusion start from its definition. Notwithstanding its contestation, some of the most common concepts of the terms are stated as follows. Some studies define governance as nothing more than the process of governing ([Assens and Lemeur, 2016](#)). Others say that governance is used for rhetorical reasons rather than for practical purposes ([Flinders, 2002](#); [van Doeveren, 2011](#); [Colebatch, 2014](#); [Bagai, 2016](#); [Grindle, 2017](#); [Williams, 2020](#)). Yet others define governance as the horizontal coordination of different actors from different levels of government to support each other in realizing public policies and delivering public services ([Pierre, 2000](#)).

Moreover, others argue that governance is broad in scope and encompasses actors such as governments, the private sector, and civil societies, each coexisting with others to guide the affairs of communities ([Kickert \*et al.\*, 1977](#); [Rhodes, 1997](#); [Lo, 2018](#)). In this understanding, the contribution from the government in a governance system is not superior but somewhat equivalent in status with the other sectors since none of the sectors has the necessary capability to separately address the intricate and diversified social problems embedded in governance.

Furthermore, some other scholars argue that governance comes into existence because the term government was difficult to use in a privatized and market-oriented society, equating the term with new public management ([Stoker, 2019](#)). Still others interpret governance as a means of self-regulation of actors to initiate, streamline, and coordinate network processes ([Klijn and Koppenjan, 2012](#)). Figure 2.1 shows the governance triangle and the governments, the private sector, and civil societies.

The concepts identified above illustrate that governance involves different structures by their natural logic that could take different approaches. Some governance approaches are attributed to different actors, less government, and less regulation in the overall state activities. In contrast, some are more focused on the process of governance, while others are focused on new areas of law and coordination. Some other governance approaches are attributed to how different actors participate in problem-solving based on a division of power and specialization.

Apart from governance, good governance is a contested term because the principles, parameters, and implications of good governance are problematic and inexact ([Grindle, 2011](#)). However, these de-



Source: Adapted from [Lemos and Agrawal \(2006\)](#)

Figure 2.1: The Governance triangle

bates are important because they discuss how good governance principles can be applied at different times across or within countries. Although there are no single universally accepted measurements, principles, and parameters of governance, it has become popular because of its motivational nature in examining what needs to be done to advance the performance of government sectors.

From the literature reviewed above, it can be concluded that good governance is used differently and has different measurements. However, there is consensus that the shift from the conventional government to modern governance distorted the demarcation between government, the private sector, and civil societies. This study used good governance as a new set of administrative techniques that a government uses to ensure quality service delivery and realize customer satisfaction in urban land administration.

### 2.2.2 Theoretical frameworks of Governance

The theoretical literature on governance demonstrates the desires of the social scientists in a changing style of governance ([Stoker, 2019](#)). However, there is agreement neither on what constitutes a governance theory, nor on the foundation of the aspects selected for this attempt. To develop



a comprehensive governance theory, several scholars, among others, [Flinders \(2002\)](#); [Schout and Jordan \(2005\)](#); [Treib \*et al.\* \(2007\)](#); [Lange \*et al.\* \(2013\)](#); [Hysing and Lundberg \(2016\)](#); [Bagai \(2016\)](#); [Grindle \(2017\)](#) have shed light on the contests of the theories of governance.

The theories of governance attempt to answer questions on how political and organizational decisions are made, how administrative structures work, how countries relate to the public, who are the actors in public administration, and what delimiters exist concerning the actors' roles involved therein. Despite the existence of various theories revolving around governance in public administration, this study delimits its scope to debate on two theories: hierarchical and network theories of governance.

The hierarchical theory of governance is based on a monocentric system of governance where hierarchically prearranged political actors are the prime public administration authorities. It is stretched from centralized to decentralized hierarchies. Under the centralized hierarchy's spectrum, stakeholder autonomy is determined by the national government with a formal rule. Against this background, decentralized hierarchies are characterized by a high likelihood of stakeholder involvement empowered to have a local policy under the formal national rule ([Flinders, 2002](#); [Lange \*et al.\*, 2013](#)). In this regard, decentralized governance empowers local units to decide autonomously within their boundaries.

The network theory on governance, on the other hand, is society-centric, encompassing the complex relationships within the state, private sector, and civil society interface ([Flinders, 2002](#); [Lange \*et al.\*, 2013](#)). In an overstretched manner, authors such as [Rhodes \(1996\)](#); [Flinders \(2002\)](#); [Jordan \(2008\)](#); [Lange \*et al.\* \(2013\)](#); [Colebatch \(2014\)](#); [Peters \(2014\)](#); [Capano \*et al.\* \(2015\)](#); [Lo \(2018\)](#) pursued governance rooted in the transition of governance modes from hierarchical to network governance.

In theory, network governance in line with good governance and democratic principles gives each stakeholder a voice in decision-making to reach agreement, even with conflicting interests. Unlike the hierarchical modes of governance, which orders society how to achieve their aspiration ([Schout and Jordan, 2005](#); [Treib \*et al.\*, 2007](#)), network theory on governance supports the interaction among multiple actors in policy-making, administration, and strengthening democracy ([Hysing and Lundberg, 2016](#)).

The widespread decentralization of power, deregulation of business, and privatization of state-owned enterprises have contributed towards the emergence of the network theory on governance ([Capano](#)

*et al.*, 2015). Network governance creates power interdependence among business organizations, civic societies, and other non-government participants, forming self-organizing networks (Colebatch, 2014). Advocates of network governance criticize hierarchical governance for its excessively bureaucratic, rigid, and ineffective governance style (Rhodes, 1996). Hence network governance can solve the inconveniences of public administration and provide effective and responsive governance.

Despite the shift from hierarchical to network theories of governance, the hierarchical approach is considered to guide this study. The rationale for considering the hierarchical governance approach is twofold. First, the primary objective of this study is not to assess the nexus between the modes of governance, which is outside the scope of this study. Second, the government in Ethiopia is rhetorically and practically the sole decision-making body and continues to act in urban land administration through decentralized hierarchical modes of governance. This absolute power is reflected in the federal and regional constitutions, urban land proclamations, regulations, and directives (FDRE, 1995, 2011; TNRS, 2006, 2012, 2014). What remains to be seen is which governance principles ensure quality service delivery and customer satisfaction in urban land administration in the existing modes of governance, which is the aim of this study.

### 2.2.3 Empirical Review of Governance

Apart from the conceptual and theoretical contestation of governance, the more confusing issue is its applicability to different contexts and sectors. Indeed, in recent years, studies and discussions on good governance in institutions, policies, and government systems have taken place (Lynn *et al.*, 2002; Dingwerth and Pattberg, 2006; Weiss, 2010; van Doeveren, 2011; Gisselquist, 2012; McNeill *et al.*, 2014; Alemie *et al.*, 2015b; Dool *et al.*, 2015; Renn, 2015; Bagai, 2016; Addink, 2017; Grindle, 2017; Biswas *et al.*, 2019; Stoker, 2019; Williams, 2020).

Many scholars have begun to agree on some of the central ideas related to administrative reform to incorporate the principles of good governance (Grindle, 2017). One of the motivations of the scholars is how service delivery and customer satisfaction in public administration can be enhanced. In this regard, good governance can be instilled into two essential normative prescriptions: policy authorization and policy implementation (Salamon, 2011). The normative prescription of good governance interrogates how policy should be endorsed and implemented to improve quality service provision (Lynn *et al.*, 2002). The blueprint is policy authorization that emanates from legislative

decisions that establish policies and laws to allocate resources. The normative implementation of the principles of good governance aims to provide guidelines on how societies should address the most demanding global challenges (Dingwerth and Pattberg, 2006; Weiss, 2010).

As the result of policy and administrative reforms, the implementation of good governance started in countries that were subject to the structural adjustment programs of the international financial institutions to enhance the effectiveness of public management, fight corruption, and recognize the interdependence of public, private, and civil society sectors (Fraj *et al.*, 2018). Although the link between good governance and national development varies across countries, scholars have seen good governance as an instrumental and critical factor in ensuring national development (Addink, 2017).

Supporting the role of principles of good governance, Addink (2017) argued that these principles facilitate economic growth and create democratic societies in developing countries. In this regard, many scholars have identified several normative principles considered relevant for inclusion in policymaking, including the principle of the rule of law, accountability, transparency, impartiality, efficiency, effectiveness, service delivery, and responsiveness (Moote *et al.*, 1997; Zakout *et al.*, 2006; Renn, 2015; UN-Habitat, 2016).

Despite its significance in facilitating economic growth and creating democratic societies, the principles of good governance vary across institutions and to different actors within an institution in business and public sectors (Gisselquist, 2012). In this regard, some studies found that good governance is desirable in theory, but it is an inflated concept with “the bar [being] too high in practice for developing countries” (Grindle, 2017, p. 20) and unhelpful to the implementing bodies (van Doeveren, 2011; Bagai, 2016; Williams, 2020). For instance, Biswas *et al.* (2019) found that identifying the correct parameters to measure good governance in urban management is challenging.

The main challenge is the relative nature of the principles of good governance across institutions, where different countries pursue their canons of governance and often evaluate the results of plans based on them. Thus, instead of instantaneously responding to an ever-growing global program, Grindle (2017) suggested that governments of developing countries first analyze where and why certain countries in a specific context perform better governance and generate appropriate policy responses, and spread the excellent experience to other areas of state activities.

From this, it can be concluded that due to the absence of universally accepted values, the ‘one-size-fits-all’ principle and method do not work when generating a governance framework. This variation

calls for attention to the status quo that the principles of good governance have to be designed for various institutions, taking the nature and type of institution into account. Hence, assessing how countries understand good governance in the context of the entire national legal system is needed. It is precisely at this time that fundamental customary values come into consideration.

Different institutions have different powers in public administration, where each power of the institution is essential in generating good governance norms (Addink, 2017). The development of a good governance framework is strongly associated with the function and structure of these institutions. Urban land management is one of several public administrations. Good governance in urban land management has received significant attention in the contemporary urbanization processes where specific principles could be utilized to evaluate issues of resilient land governance because urban expansion requires a well-organized decision-making process that enhances its sustainability and resilience (Alemie *et al.*, 2015a). Incorporating the principles of good land governance into land policymaking reduces administrative impediments and motivates concerned stakeholders to participate in the overall policymaking processes (McNeill *et al.*, 2014). However, adjusting the good governance principles to societies' social and cultural context is inevitable to ensure quality service delivery, which is the aim of this study.

## 2.3 Research Methodology

### 2.3.1 Research Design

This specific study is based on a case study research design and has the city of Mekelle in Ethiopia as a case of interest. The city is among the fast-expanding cities on the track of converting massive rural land to urban residential, business, and other uses (Fenta *et al.*, 2017). Good governance in land administration is considered crucial to facilitate the city's expansion (TNRS, 2012). This requires a good governance index that can fit the context of urban land administration so that municipalities can decide a point of priorities to achieve better performance in urban land administration. According to UN-Habitat (2004); Biswas *et al.* (2019), the groundwork for developing a governance index is to establish the appropriate principles and assign proper loading to the selected principles and sub-principles. Accordingly, the study utilized top-down and bottom-up approaches to generate a good governance index towards responsive urban land administration. First, the top-down approach was utilized to identify the principles and sub-principles of good governance.

This approach enabled the identification of a wide range of principles of good governance in the context of urban land administration that would not otherwise have been achieved.

Several principles developed by various authors and institutions were reviewed from the sources identified in Table 2.1. The sources were identified from different databases: Scopus, Web of Science (WoS), EBSCOhost, Sabinet African Journal (SAJ), African Journals Online (AJOL), and Google scholar – utilizing operationalized search terms that combined principles of good governance, indicators of governance, parameters of governance, principles of land governance, and urban land governance, among others.

Table 2.1: Sources of good governance principles and sub-principles

List of publications referencing good governance principles	Sources
Governance for sustainable human development: a UNDP policy document	(UNDP, 1997)
Making sense of governance: Empirical evidence from sixteen developing countries	(Hyden <i>et al.</i> , 2004)
Urban governance index: conceptual foundation and field test report	(UN-Habitat, 2008)
Good governance in land administration: principles and good practices	(Zakout <i>et al.</i> , 2006)
Good governance for terrestrial protected areas: a framework, principles and performance outcomes	(Lockwood, 2010)
Land administration for sustainable development	(Williamson <i>et al.</i> , 2010)
The worldwide governance indicators: methodology and analytical issues	(Kaufmann <i>et al.</i> , 2011)
The land governance assessment framework: identifying and monitoring good practice in the land sector	(Deininger <i>et al.</i> , 2012)
Towards a well-Informed society and responsive government: Executive report Indonesia governance Index	(Gismar <i>et al.</i> , 2013)
Fit-for-purpose land administration	(Enemark <i>et al.</i> , 2014)
Application of the urban governance index to water service provisions: between rhetoric and reality	(Moretto, 2015)
Good urban governance: challenges and values	(Dool <i>et al.</i> , 2015)
Good governance principles in spatial planning at local scale	(Virtudes, 2016)
Governance and economic growth: the role of the exchange rate regime	(Fraj <i>et al.</i> , 2018)
Top-down sustainable urban development: urban governance transformation in Saudi Arabia	(Aina <i>et al.</i> , 2019)
"Governance, Good"	(Williams, 2020)

Three major criteria were used to identify which literature is relevant for inclusion in the good governance index. These include (1) that a paper mentions a principle related to good governance, (2) that the said principle is relevant to the context of urban land administration, and (3) that it holds plausibility for empirical testing (access to and analyses of collected data).

Analysis showed that 185 papers met the first criterion and were further scanned to identify the relevance of good governance principles they discussed. Publications duplicating the results of other studies were excluded. At the end of the exercise, 25 publications referenced good governance principles relevant to urban land administration. Of this number, 16 publications fulfilled the third criterion with the potential for empirical testing of the principles they relay (see Table 2.2).

From the 16 papers, 176 good governance principles with several nomenclatures were found using the content analysis technique. After repeated principles were removed from the list, 55 principles were

identified. As demonstrated in Table 2.2, these principles were grouped under 11 main principles following their affinity to one another. A further 55 principles were categorized under these general principles using the thematic technique.

### 2.3.2 Sampling and Data Collection

In this study, individual clients were considered as a unit of analysis. A close-ended questionnaire was designed to collect the primary data from 399 bidders. Respondents were selected using simple random sampling from the urban land lease auction list of Mekelle municipality, where a computer-assisted random selection was applied to give all bidders an equal chance of being selected. From 2014 to 2019, 72,768 bidders participated in the auctions in Mekelle City. The sample size was computed taking a 95% confidence level and 0.05 limit of error using an equation developed by (Yamane, 1967) as shown below. The sample size is obtained using the following equation:

$$n = \frac{N}{(1 + N(e)^2)} \quad (2.1)$$

Where:

$n$  = sample size,

$N$  = population size,

$E$  = the level of precision,

1 = the probability of an event occurring.

$$n = \frac{72,768}{(1 + [72,768(0.05)]^2)} = 399 \quad (2.2)$$

The actual sample size of 399 bidders was allocated proportionally between the winners and losers of the auction to get an all-encompassing answer, and the same questions were asked to acquire pertinent information from both groups. The 11 principles of good governance were included in the questionnaire in the form of positive statements (see Table 2.2). Respondents were asked to rate a five-point Likert scale extending from least important (1) to most important (5). Respondents were asked to rate a five-point Likert scale extending from least important (1) to most important (5). To ensure maximum precision in data collection, the English version of the survey was translated

Table 2.2: The list of good governance principles and sub-principles

Main Principles	Sub-principles	Code
Efficiency and Effectiveness in Urban Land Administration (EE)	Availability of one-stop-shop service	EE1
	Separation of front-office and back-office	EE2
	Delivering services without imposing an undue cost	EE3
	Speedy application for land lease	EE4
	Effectiveness at addressing land-related problems	EE5
Transparency in Urban Land Administration (TR)	Transparency on land use, land valuation, and taxation	TR1
	Clarity of the land allocation process	TR2
	Public access to land-related documents	TR3
	Availability of information about allocated land	TR4
	Availability of information centre	TR5
Accountability in Urban Land Administration (AC)	Proper evaluation of the performance of officials	AC1
	Public officials do what they promised	AC2
	Officials liable for the effect of their decision	AC3
	Subjecting to regular audits	AC4
	Clear assignment of responsibility	AC5
Fairness and Equality in Urban Land Administration (FE)	Fairness in the decision-making process	FE1
	Officials' impartiality to provide services	FE2
	The existence of the first-come, first-served principle	FE3
	Fairness on the valuation of land as per the market price	FE4
	No delay of justice when land-related conflict occurs	FE5
Public Participation in Urban Land Administration (PP)	Client participation in decision-making	PP1
	Provide awareness creation training	PP2
	Hotlines to enable clients to report misconducts	PP3
	Public meeting for sharing view and evidence	PP4
	The intimacy of the city to its resident	PP5
Responsiveness in Urban Land Administration (RP)	Serving clients in a specified time frame	RP1
	Responding to the client's question	RP2
	Mechanisms for appeal	RP3
	Low level of pending conflict	RP4
	Legitimate conflict resolution institutions	RP5
Rule of Law in Urban Land Administration	Adherence to the land management legislation	RL1
	Legitimate respect for existing land rights	RL2
	Precise mechanisms for adjudication of land rights	RL3
	Restrictions on rights are based on the assessment	RL4
	Clarity of enforcement of land rights	RL5
Control of Corruption in Urban Land Administration (CC)	Service deliveries are free from nepotism	CC1
	Judicial authorities are free from bribery	CC2
	Decision-making is free from nepotism	CC3
	Use of public power as a platform for public benefit	CC4
	No payment for kickbacks to officials	CC5
Legitimacy and Bureaucracy in Urban Land Administration (LB)	Clients' access to justice	LB1
	Ethical codes of conduct	LB2
	Legally constituted tender board	LB3
	Law enforcement by the municipality	LB4
	The ability of the judges to impact discrimination	LB5
Ownership Security in Urban Land Administration (OS)	Quick conflict resolution	OS1
	Predefined territorial boundaries	OS2
	Security towards land tenure	OS3
	People feel free to express their opinion in public	OS4
	Safe municipality for vulnerable groups	OS5
Service Delivery in Urban Land Administration (SD)	Public satisfaction survey on quality of municipality	SD1
	Facility for citizen complaints	SD2
	Strong educational support to service delivery	SD3
	Produce data from the comment by the community	SD4
	Dedicated officials to serve clients	SD5

into *Tigrigna* (local language) before distribution to the study participants. Data was collected door-to-door by the principal investigator from September 2019 to January 2020.

### 2.3.3 Data Analysis

In this study, a quantitative data analysis technique was implemented. The data were analyzed using descriptive statistics. SPSS 26 software was used for the analysis of the data. Weight distribution between principles was conducted, and an index was generated based on the participant survey. Figure 2.2 illustrates the framework for this study.

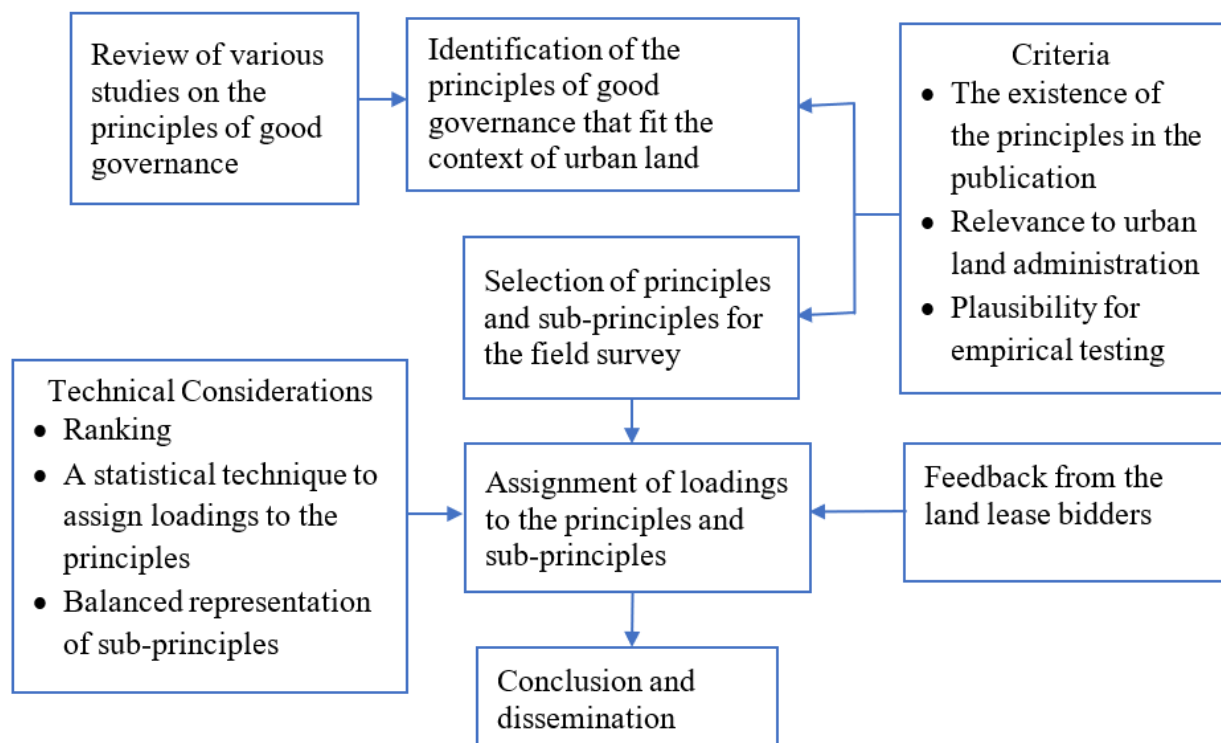


Figure 2.2: The framework to generate a good governance index

The framework was drawn from the reviewed concepts and theoretical literature. It demonstrates the claim to measure the numerous features of good governance that were identified in many sources. It also demonstrates how the principles of good governance included in generating the index were identified, how weight to each principle and sub-principle was distributed, and how the statistical techniques, such as rankings, assigning loadings to the principles, and balanced representation of the sub-principles, were applied.



## 2.4 Findings

This section provides a summary of the findings collected from the participant survey. The results were discussed in light of the significance of good governance principles towards responsive urban land management.

### 2.4.1 Weight-Distribution among Principles based on Participant Survey

This specific study utilized a standard technique to select principles followed by normalizing and weighting to aggregate the principles and sub-principles. Unlike the study conducted by [Biswas \*et al.\* \(2019\)](#), who utilized an opinion of 7 experts to decide on the level of significance and generate an index, this study employed a survey of 399 clients to prioritize the principles of governance in urban land administration as per their anticipated level of rank. Their responses were consolidated to acquire the weight distribution among the principles. Respondents were asked to rate the level of significance of these principles using a five-point Likert scale where (1) is least important; (2) is less important; (3) is important; (4) is more important; (5) is most important (see Table A.1). The weight distribution between principles was computed as follows. The result for the specific principle 'p' is:

$$FP = \sum_{j=1}^5 npj * j \quad (2.3)$$

Where:

Fp denotes the final result for a principle;

Npj represents the number of replies for  $p^{th}$  principle and  $j^{th}$  importance;

'p' varies from 1 to 11;

'j' spread from 1 (least important) to 5 (most important)

Table 2.3 illustrates the weight distribution among principles and the final score based on participant surveys.

In the case of weight distribution, a weighted compensatory model was utilized. The weight of a principle is based on the service that a client needs to receive from the urban land administration.

Table 2.3: Weight distribution among principles based on participant survey

Major Principles of Governance	1=Least Important	2= Less Important	3= Important	4= More Important	5= Most Important	Final result (FP)
Efficiency and effectiveness	0	184	40	16	159	1,347
Transparency	0	0	20	25	354	1,930
Accountability	0	0	9	40	350	1,937
Fairness and equality	0	28	82	150	139	1,597
Public participation	0	0	55	60	284	1,825
Responsiveness	0	120	110	80	89	1,335
Rule of law	0	0	15	70	314	1,895
Control of corruption	0	0	149	50	200	1,647
Legitimacy and bureaucracy	14	130	136	79	40	1,198
Ownership security	0	109	128	70	92	1,342
Service delivery	0	0	93	89	217	1,720
Total Score	14	571	837	729	2238	17,773

Unlike the non-compensatory model, which shares the values equally, the weighted compensatory model reveals the relative significance of each principle. It also has a central role in describing and predicting the client's preference. In this way, the total score, as stated in Equation 2.3, is the total result of each principle of good governance.

$$T = \sum_{i=1}^{11} fp \quad (2.4)$$

Where T represents the total score.

A total score is crucial to generate a weight for each principle. As illustrated in Equation 2.4, the final weight for each principle was generated by dividing the final score of each principle by the total score. This method is specifically utilized to identify the level of significance of the principles for policy decisions. Hence, the final weight for the " $p^{th}$ " principle is:

$$FWP = \frac{fp}{t} \quad (2.5)$$

Where: FWP denotes final weight for a principle.

Since the survey respondents did not provide a level of significance to the sub-principles of governance, the weight distribution results in the principles were proportionally divided into the sub-principles. Thus, for example, if the " $p^{th}$ " principle has a " $np$ " number of sub-principles, then the

weight for the corresponding sub-principles is:

$$FSP = \frac{fwp}{np} \quad (2.6)$$

Where: FSP denotes final weight for sub-principle.

Table 2.4: Final weight between principles and sub-principles

Major Principles of Governance	Final-Weight for each principle (FWP)	Number of Sub-principles (NP)	Final-Weight for each Sub-principle (FSP)
Efficiency and effectiveness	0.075	5	0.015
Transparency	0.109	5	0.022
Accountability	0.109	5	0.022
Fairness and equality	0.090	5	0.018
Public participation	0.103	5	0.021
Responsiveness	0.075	5	0.015
Rule of law	0.107	5	0.021
Control of corruption	0.093	5	0.019
Legitimacy and bureaucracy	0.067	5	0.014
Ownership security	0.075	5	0.015
Service delivery	0.097	5	0.019

Table 2.4 demonstrates the final weight distribution between the principles and sub-principles. Due to the optimum sample size, a survey of 399 bidders, the statistical results were utilized as a base to determine the major principles. For policymaking decision purposes, the results of the survey were regrouped into three clusters. The variables that scored 0.1 and above were classified as the highest rank, variables that scored 0.09-0.099 were classified as the middle rank, and variables that scored below 0.09 percent are lower.

As demonstrated in Table 2.4, accountability, transparency, the rule of law, and public participation are the most important principles to achieve enhanced performance in urban land administration with index scores of 0.109, 0.109, 0.107 and 0.103, respectively. The study showed service delivery, control of corruption, and fairness and equality as the second rank with index results of 0.097, 0.093 and 0.090, respectively. Effectiveness, efficiency, responsiveness, security, and legitimacy and bureaucracy were ranked third. As far as the weight distribution to sub-principles is concerned, the final weight in each principle was equally distributed to the sub-principles under it. For example,

accountability has an index of 0.109. The 0.109 was divided among the five sub-principles under it to get 0.022. The same procedure was followed for the rest of the sub-principles.

## 2.5 Discussion

In this section, the findings of this study are discussed compared to the findings of other studies in urban land administration. The results of this study revealed that accountability, the rule of law, transparency, and public participation are the highest priorities of principles of good governance to achieve a well-informed society and responsible urban land administration. Consistent with these findings but in a similar public administration, [Gismar \*et al.\* \(2013\)](#); [Biswas \*et al.\* \(2019\)](#) found transparency and accountability as the most important principles of good governance to compare to the others. [Fraj \*et al.\* \(2018\)](#) found similar results in a different sector. They argued that the principles of good governance such as voice and accountability, rule of law, control of corruption, and the quality of regulations are significant determinants of economic growth. [Williams \(2020\)](#) found that accountability is more than management efficiency or service delivery, and that its appropriate implementation results in customer satisfaction in public administration.

The primary concern is instrumental prerequisites for effective accountability because the latter requires a precisely identified power and functions for urban land administration officials at different levels. Clear identification of roles and responsibilities helps the officials in a specific position validate the acceptance of the tasks in their plans and strategies and assist the government and the other stakeholders in evaluating the governing bodies' performance based on the predetermined tasks. Consistent with this finding and in similar public administration, [Aina \*et al.\* \(2019\)](#) found that establishing a body to monitor and evaluate the performance of government agencies has proved to be an important tool for ensuring accountability and transparency in transforming urban development. As revealed in this specific study, accountability can be perceived from two directions: accountability to their head and to the clients (see Table 2.2). Governing bodies are supposed to be equally accountable to both sides. [Lockwood \(2010\)](#) argued that the existence of strong accountability and transparency can result in opportunities for all stakeholders of urban land administration, including marginalized and disadvantaged societies, to participate in matters which affect them. Transparency is crucial to foster enhanced performance and create responsive urban land administration because full access to information is essential to allow clients to comprehend

and monitor the officials' day-to-day activities and create a well-informed society. In a similar vein, [Virtudes \(2016\)](#) claimed that an open exchange of information among all the stakeholders, rather than privileging the local government with the use of technology as a communication channel, is required for the success of public sectors. Consistent with this, [Lockwood \(2010\)](#) argued that the existence of greater transparency is a building block to inhibit bribery and other related misconduct. [Enemark \*et al.\* \(2014\)](#) said that transparent and sustainable institutions are needed to implement land policies effectively and efficiently.

The rule of law is at the centre of all the remaining principles of good urban land governance. Consistent with this finding but in a different sector, [Fraj \*et al.\* \(2018\)](#) found rule of law among the significant principles of good governance to determine economic growth. The commitment of urban land administrators to transparency and accountability promotes the rule of law. All the urban land administration officials, institutions, and other stakeholders are supposed to publicly broadcast, equally enforce, and independently adjudicate the urban land laws, plans, guidelines, and systems. These social aspirations require mechanisms to share decision-making with the local community and ensure that their actions are consistent with the legislation. As [Dool \*et al.\* \(2015\)](#) found, the understanding of good governance is well developed, especially in areas where the formal rule of law and deep social aspirations, such as equality and equity, are instilled.

Another decisive phase in urban land administration is offline and online platforms for community participation in policymaking: these are necessary components of sustainable urban land governance. Similar results were found by [Aina \*et al.\* \(2019\)](#), who argued that sustainable urban governance could be achieved if and only if public participation is practically instilled and ensured. [Fraj \*et al.\* \(2018\)](#) found that voice and responsibilities are important elements towards achieving economic growth and fighting against corruption. By developing a platform for the public, media, civil societies, private sectors, and other stakeholders to comment on the decisions and actions of the officials of urban land administration, high levels of trust can be achieved among these officials and the clients.

Reporting the performance of these officials is supportive of evaluating why a particular choice was made and a specific action was taken. According to [Virtudes \(2016\)](#), governance can be succeeded when the conflicting interests are accommodated in the decision-making process. This action requires the involvement of all stakeholders, including citizens, to lay the groundwork for

smooth governance. Adding the traditional knowledge of the local and indigenous people to the existing system of urban land administration supports officials in their determination to achieve good governance and in their effort to develop public trust. Consistent with the findings of this study in different urban sectors, [Sturzaker and Verdini \(2017\)](#); [Biswas \*et al.\* \(2019\)](#) found that increasing participation among civic communities could address major administrative challenges of urban development. To this end, compiling a client survey is a crucial mechanism to assess the degree of satisfaction with the overall service delivery in urban land administration and recommendations for its enhancement. In addition to the client survey, establishing hotlines to follow up on clients' complaints in areas of corruption and the overall operation of the institutions is another crucial step for officials in their effort to enhance responsible urban land administration. As [Virtudes \(2016\)](#) argued, the conflict between leadership and democracy is always clear in modern city administration, and local authorities are required to mobilize the local community for joint action.

Service delivery, control of corruption, and fairness and equality were ranked at the second level in this study. Those charged with advancing the performance of urban land administration are expected to be fair concerning the valuation of urban land as per the market price, serve the clients on the "first-come, first-served principle", and be impartial in exercising the mandate given to them. This principle can increase trust among government officials, investors, and communities and reduce bribery and other corrupt attitudes. According to [Aina \*et al.\* \(2019\)](#), the installation of an anti-corruption commission would help municipalities in their efforts to curb corruption in corporate governance. Supporting this finding, [Fraj \*et al.\* \(2018\)](#) found that quality of regulation is among the vital elements to fight against corruption. To this end, land administration legislation should be fair and non-discriminatory ([FDRE, 2011](#)).

A favourable balance of the costs and benefits of decision-making, the consideration of the opinions of concerned participants in urban land administration, and the mutual respect among the different levels of officials enhance fairness and equality. Countries such as Russia, Albania, Romania, Armenia, Croatia, Indonesia, and Egypt, which mitigated corruption and rent-seeking behaviour in land allocation, enhanced fairness, and equality among clients in land adjudication, introduced a web-based information system and activated counter offices and client survey, and have achieved inspiring performance in urban land administration ([Zakout \*et al.\*, 2006](#)).

The study revealed efficiency and effectiveness, responsiveness, ownership security, and legitimacy

and bureaucracy at the third level. Urban land administration officials can obtain acceptance from their clients if they are responsive to the existing land legislation, policies, and regulations and if their verdict and engagement are consistent with the predetermined objectives of urban land administration. In this way, effective leadership contributes to the legitimacy of officials. A responsive official accepts the complaints and criticisms that arise because of their actions and decisions and limits the degree of such complaints and criticisms. Providing long-term ownership security fosters land productivity and motivates investment. Under these circumstances, urban land governance can be enhanced and sustained.

## **2.6 Conclusion and Policy Implications**

The principles of good governance have different levels of contribution across sectors. Thus government, business organizations, and civic societies must know the significance of each principle to priorities to achieve better performance in their respective sectors. This responsibility, in turn, requires recognizing the client's opinion on the principles. Hence, a good governance index is generated in this study to help countries and cities in their effort to estimate the performance of urban land administration from a good governance perspective. The good governance index developed in this study is based on participant surveys. The literature reviewed was vital in identifying the variables included in the study and served as a sound guideline. On the other hand, the findings of this study supported the literature reviewed positively. It confirmed which principles countries and cities can prioritize to enhance urban land administration and improve the clients' satisfaction.

The findings of this study revealed that accountability, transparency, the rule of law, and public participation are relatively most significant, followed by service delivery, control of corruption, and fairness and equality. From this, one can understand that the proper operation and follow-up in the highest-ranked principles of good governance would address most service delivery problems, curb corruption, and enhance fairness and equality. An accountable and transparent official who abides by the rule of law is indirectly responsive and legitimate. The study demonstrates that the presence of accountable and transparent officials, respect for the rule of law, and public participation can boost service delivery, control bribery, and enhance fairness and equality. In contrast, institutions that do not open their activities to the public, and officials who are not held accountable for their actions and decisions, may encounter challenges in running responsive urban land administration.

In addition, institutions that do not abide by the urban land laws, guidelines, and system and do not permit their clients to participate in decision-making may face governance challenges.

Therefore, this index would serve as a valuable guideline for global institutions, national governments, and municipalities to apply the results of this study in weighing the status of governance structures in urban land administration. It would also help municipalities decide which principle of governance to prioritize to achieve better urban land administration. The findings of this study will also benefit future researchers in weighing cities' and countries' status of land administration from the good governance perspective for further policy decision-making.



# CHAPTER 3

## GOOD GOVERNANCE IN URBAN LAND ADMINISTRATION IN ETHIOPIA: EMPIRICAL EVIDENCE FROM MEKELLE CITY

This is a published paper in the Journal of Public Administration, 2021, 56(3), 452–473.

### 3.1 Introduction

The second half of the 20<sup>th</sup> century witnessed a new focus on public administration, where globalization and democratization put cumulative pressure on the traditional system of public administration. The pressure was designed to push back the state's boundary and share its political decision-making with the private sector and civil society under which the concept of governance attained momentum (Bagai, 2016). Governance was first used as an option to public administration by American diplomat Harlan Cleveland when he argued that “what the people want is less government and more governance” (Bagai, 2016, p. 9). For Cleveland, governance is a system whereby diffused power, multidimensional and complex decision-making within and outside of an institution, and more interconnected, consensual, and counselling administration is exercised.

Good governance as a tool for public administration has a positive impact on organizational processes and institutional structures. Impact-oriented approaches to public administration were introduced in many European countries to improve the quality of governance and enhance customer satisfaction (Mansberger *et al.*, 2012). These impact-oriented approaches led to theoretical changes towards efficient, customer-oriented, and digitized service delivery in those countries.

There is a comprehensive agreement in political and academic discourses that good governance is crucial for realizing bearable land administration (Lange *et al.*, 2013; Sherif and Chen, 2019). However, it remains an open question and there is intense academic debate about what works where, when, and how the principles of good governance strengthens better service delivery and enhances customer satisfaction. Underpinning the discourse is the contestation around the concept, theories, and practice of good governance because the principles, parameters, and implications of good governance are problematic and inexact (Grindle, 2017). It is also true that, on the one hand, the existing land management systems across countries are incompatible due to different

historical developments and different legal and technical practices. On the other hand, the quality of governance is expressed through intermingling and sometimes conflicting principles ([Mansberger et al., 2012](#)). Therefore, evaluating certain principles and defining good governance with them is a subjective process. As a result, good governance is easy to talk about, but difficult to achieve in practice ([Bagai, 2016](#)). This misalliance is mainly true in developing countries of Latin America, Asia, and Africa, where weak governance is a common challenge in service delivery ([Peters, 2014](#)).

Over the past three decades, Ethiopia has experienced a period of political and legal reforms. The country is among the few SSA countries that hold the remnants of communalist philosophy, particularly the state ownership of land ([Wubneh, 2018](#)). Under the new dispensation, after it transitioned from a military junta to a civilian and constitutionally elected government, various changes were introduced by the Federal Democratic Republic of Ethiopia (FDRE) to improve urban land governance. These changes include creating new power structures at the centre and peripheries, issuing federal urban land legislation, empowering regional governments to enact urban land legislation, and decentralizing urban land governance to municipalities ([Bekele and Kjosavik, 2016](#); [Wubneh, 2018](#)). Nevertheless, the imbalances between the need and availability of urban land and the informal settlement characteristics of the urban centres in the country pose further challenges to governance regimes around urban land administration ([Wubneh, 2018](#)).

There is significant scholarly attention towards the historical development of land administration, compensation and expropriation, urban resettlement, urban socio-economic development, urban land grabbing, tenure security, urban cadastre, and peri-urban community displacement in Ethiopia ([Deininger et al., 2012](#); [Mansberger et al., 2012](#); [Alemu, 2013](#); [Alemie et al., 2015c](#); [Shibeshi et al., 2015](#); [Simbizi et al., 2016](#); [Hailu, 2016](#); [Virtudes, 2016](#); [Tura, 2018](#); [Adam, 2019](#); [Hull et al., 2019](#)). The findings of the scholars mentioned above have been used to identify a gap in the literature. For instance, studies by [Alemu \(2013\)](#); [Ambaye \(2013b\)](#); [Tura \(2018\)](#) revealed that weak socio-economic infrastructure, urban land grabbing, unstable land rights, and forceful resettlement of city centre residents to the suburbs challenged the urban land governance in Ethiopia.

Another study by [Alemie et al. \(2015c\)](#) discovered that the unclear land policy, political instability, and technical incapacity in Ethiopia's land administration make urban cadastre ineffective. Consistent with this study, [Shibeshi et al. \(2015\)](#) evaluated the rural land administration in Amhara National Regional State of Ethiopia and found that technical problems and costs are barriers to

large-scale land-use plans. [Alemie \*et al.\* \(2015c\)](#), in their study on the implementation of the 2011 urban land management policy in Bahir Dar, Hawassa, and Dre Dawa, revealed that weak implementation and monitoring of spatial plans, the lack of coordination among land administration stakeholders, a non-transparent land policy, and lack of community participation in policymaking and implementation affected land administration negatively.

Still another study, by [Deininger \*et al.\* \(2012\)](#), found that the overlapping mandates and activities among urban land administration stakeholders are detrimental to good governance and attract users into informality in Ethiopia. [Adam \(2019\)](#), in his study on the deficiencies associated with land acquisition and delivery, found that the existing urbanization and land acquisition system in Ethiopia is relocating peri-urban communities. As a solution, developing fit-for-purpose land administration is suggested by [Hailu \(2016\)](#); [Simbizi \*et al.\* \(2016\)](#) to make the land allocation more fair, inclusive, participatory, and efficient. In this regard, land administration could reflect the context-specific essence and weight of the land ([Hull \*et al.\*, 2019](#)). This is because a context-specific and detailed toolset of parameters allows land administration stakeholders to monitor land management activities within a particular country ([Mansberger \*et al.\*, 2012](#)). To this end, for [Virtudes \(2016\)](#), the dedication of all stakeholders is required for the success of these principles.

However, there are limited studies on implementing the principles of good governance in urban land administration at the municipal level in Ethiopia. Due to power decentralization, municipalities have strong decision-making power on urban land management ([FDRE, 1995, 2011](#)). This decentralization demands an empirical assessment of customer satisfaction on land ownership, land use, land development, and land valuation at the municipal level to determine the effectiveness of the implemented governance regimes. As a result, the term ‘good governance’ and the significance of the principles of good governance in the context of urban land administration were illustrated in Chapter 2 of this dissertation. In addition, the possibility of measuring the principles of good governance in urban land administration by using parameters that describe those principles was demonstrated in the same chapter. The pending question is: Could the levels of good governance principles outlined in Chapter 2 be used to measure customer satisfaction in the quality of service delivery? Therefore, this study examines how good governance principles are implemented and how these are correlated with customer satisfaction in urban land administration in Mekelle City in Ethiopia.

This chapter is structured as follows. The first section, Section 3.1, presents the study's introduction and contribution, followed by conceptual background, theoretical perspectives, and empirical reviews encompassing the theories of governance in Section 3.2. Furthermore, the conceptual framework is drawn from the concepts, theoretical, and empirical literature reviewed herein. The methodology is presented in Section 3.3, the results in Section 3.4, a discussion of the findings in Section 3.5, and the conclusion and policy implications in Section 3.6.

## 3.2 Literature Review

The purpose of this section is to debate the historical development of land governance in Ethiopia. It examines why and how governments change land use and ownership rights, for what purpose, and how and why they change land rights over time. Urban land policies and legislation, and procedures are described in detail in Chapter 5, therefore the details of the laws and policies governing urban land in Ethiopia are not incorporated under this section.

### 3.2.1 Land Ownership, Land Governance, and Ethiopia

Land is not just the "earth place where people walk on, it is also the way people think about the place" (Williamson *et al.*, 2010, P. 150). So, land governance is not just about land, but is rather a matter of people. Land governance is a set of decision-making processes that deal with land policy and implementations of those decisions ranging from land tenure, land use, and land valuation to land development (Mansberger *et al.*, 2012). The protection of land ownership and land rights are the major administrative function of modern governments. As a result, countries that are reluctant or incompetent to protect land rights are considered weak or ineffective (Myers, 2011).

In the history of Ethiopia, all economic systems and property rights are dominated by centralized government powers (Crewett and Korf, 2008). Land in the country, where agriculture is the main source of living, is an economic and political tool. As a result, land remained the centre of Ethiopia's political economy (Deininger *et al.*, 2012; Wubneh, 2018). It has also been a source of social dignity in the country. Land issues have been one of the main reasons for the regime changes in Ethiopia's political history which precipitated the shift in national and local institutions governing the land.

The pre-1974 version of the land was centred on the "inheritance" relationship (Alemu, 2013). The kings and elite-dominated land prolong and withstand their power by overseeing the proprietors

([Ambaye, 2013a](#)). The land ownership structure during the imperial regime was abusive. Tribal land was in the emperor's hands and then reallocated to the king's followers in due course ([Ambaye, 2013b](#)). The largest beneficiaries were members of the feudal class, while most of the population remains evicted ([Ambaye, 2013a](#)). Such landowners were affiliates of the nobilities, who were absentee proprietors. The land use and ownership system pre-1974 was considered manipulative because landlords have no role in the production process but demand the largest share of agriculture ([Ambaye, 2013b](#)). The stock they required, especially in the southern part of the country, was one-third to two-thirds of the yield. In other words, the land was used as a means of mobilizing civil servants, where the Empire and Emperor relied heavily on government-controlled land to govern the state. This allocation can be done in two ways: giving land directly to government employees instead of salaries and collecting taxes from those who run the land. If the landlord's obligations are not met, the land may be returned to the state ([Hailu, 2016](#)).

Land was also given to the Orthodox church as it was considered a key ally of the emperor by preaching to the people to observe the emperor ([Alemu, 2013](#)). As a result, adherence to the king was justified in many Christian publications and daily teachings ([Hailu, 2016](#)). The Orthodox church also distributed land to priests, deacons, clergy, church leaders, teachers, and others who supported and protected the church's interest at the royal court. However, the monarchical system's exclusive and manipulative land distribution and other administrative deficiencies led to student uprisings ([Ambaye, 2013a](#)). The student uprising with the slogan "Land to the tiller", which led to the imperial regime's downfall in 1974 and the emergence of the Derg regime, marked the foundation of a new epoch in land ownership ([Alemu, 2013](#)).

The various land governance systems that existed during the imperial regime were abolished immediately after the military regime took over power ([Hailu, 2016](#)). The government shifted the main elements of the economy from feudal ownership to public ownership under the socialist ideology and declared the land to be a public resource under Proclamation No. 31/1975 ([Crewett and Korf, 2008](#)). The Proclamation came with strict restrictions on the sale or exchange of land. Proclamation No. 31/1975 eliminated the old property system and left the 'landowners empty-handed without any compensation' ([PDRE, 1975b](#)). This Proclamation allowed all farmers and tenants to own the land and freed them from any debt they owed to the landowners. To this end, land reform has been successful and generated much support from the peasants. The government empowered

the peasant associations (local land administration institutions) to govern 800 hectares of land and distribute to the peasants under their jurisdiction ([Alemu, 2013](#)). This Proclamation was the basis for establishing lower administrative units (*kebeles*) responsible for land allocation and land-related conflicts during the Derg regime.

The Derg subsequently issued Proclamation No. 47/1975 to ‘nationalize all urban lands and extra houses’, excluding housing for family use ([PDRE, 1975a](#)). It did not allow for any compensation for the loss of land in municipalities. The law allowed one person to own only one house and, if necessary, another single commercial house. The *kebeles* and the housing ministry were responsible for administering and valuing urban houses ([Ambaye, 2012](#); [Hailu, 2016](#)). Although the reorganization of the land changed the status quo, it narrowed the rights of the landowners. Both Proclamation No. 31/1975 and Proclamation No. 47/1975 not only prohibited the creation of land markets but also did not explicitly regulate the land rights of the people. The institutions that determined and enforced land rights during the Derg regime were often ambiguous, and the rules were often arbitrarily enforced.

After the fall of the Derg in May 1991, a transitional government led by EPRDF eliminated all collectivization and settlement programs based on the people’s will ([Ambaye, 2013b](#); [Alemu, 2013](#)). The 1991 transitional government continued the state ownership style where the people had the right to own land and be given legal guarantees of their right to use it ([TGE, 1991](#)). The government announced that the land would remain state-owned in the name of tenure security and prohibited the sale, exchange, and mortgage of land ([TGE, 1993](#)). The governance of land is shared by the federal and regional governments ([Ambaye, 2013a](#)). Accordingly, regional governments enact state land laws and establish land administration and management institutions for rural and urban lands.

Overall, although regional executive bodies vary from regional state to regional state in name and organizational structure, the decentralized government approach extends participation to the municipal, district (*woreda*), and local (*kebele*) administrative offices. The Federal Constitution has devolved the power of governing urban land to the regional states, and the regional governments empowered the municipalities to distribute land through ‘allotment and auction’, and to issue certificates of ownership. Hence, the regional states and municipalities are responsible for urban land administration. The current level of urbanization of the country is estimated at 20 percent and demands buffer millions of hectares of agricultural land to an urban expansion infrastructural

development, real state, manufacturing, where sound land governance is required.

### 3.2.2 Land Governance: Some Theoretical Considerations

This section discusses the theoretical thoughts behind urban land governance and arguments relating to the function of good governance in the context of urban land administration. Although there are various theories behind land administration, this study focuses on two theoretical paradigms: conventional land governance and responsible land governance. These theoretical paradigms emanate from the framework of fit-for-purpose land governance.

A conventional form of land governance is rooted in the customarily established assessments of land governance. It is often based on the individualized land governance system ([Zevenbergen et al., 2013](#)). An individualized system of land governance in this context is that land ownership, land registration, and other functions would be done at the cost of the individual without state interference. In this regard, every activity is outsourced to private sector professionals because they believe that government is ineffective and cannot provide land documents to all citizens. As a result, the government is confined to health, transportation, education, and sanitation activities. This trend has been used for centuries in Western European countries and has spread to developing countries through global colonization ([Zevenbergen et al., 2013](#)).

The effectiveness of these land registrations is most accurate and most accessible in the most developed Western European countries ([Zevenbergen et al., 2013](#); [de Vries et al., 2016](#)). Although the conventional land governance system has long been used due to promising disciplinary innovations and improvements, it was empowered by ignoring moral and social demands ([de Vries et al., 2016](#)), who disapproved of this paradigm for its pro-rich nature. It is below expectations in the developing world as the poor could not afford these service charges. To this end, governments are required to design a pro-poor system that enables governments to scale up their intervention to reach the majority of their citizens, and this is caused by the responsible land governance paradigm to gain momentum ([Zevenbergen et al., 2013](#); [de Vries et al., 2016](#)).

The conventional paradigm of land governance was transformed to responsible land governance to incorporate ethical and social demands ([de Vries et al., 2016](#)). The element of responsibility added a new notion to the conventional paradigm of land governance and aligned government with the ever-changing needs and abilities of individuals and communities. It is based on the significance

of adopting insight from various disciplines such as land surveying, information sciences, computer sciences, law, anthropology, and development studies (de Vries *et al.*, 2016). It enhances landowners' tenure security and recognizes the participation of formal and informal land tenure holders in the land policymaking process (Zevenbergen *et al.*, 2013; Simbizi *et al.*, 2016; de Vries *et al.*, 2016).

The concept of responsibility in responsible land governance is the building of collaborative relationships of officials with the clients to foster a shared understanding of public issues and thereby cultivate shared responsibilities (Zevenbergen *et al.*, 2013; de Vries *et al.*, 2016). In other words, the government takes responsibility when it constantly adapts internal processes and accepts a collection of practices and resources to the dynamics of the society concerning land. It is a form of governance that takes positive steps to ensure equitable rights, works in consultation and participation, and adopts transparent and accommodative approaches (de Vries *et al.*, 2016). Enhancing good urban land governance is a challenging mission; nonetheless, it is achievable. Generally, the conventional land governance perspective, which is pro-rich and exclusive, is not considered in this study. Instead, a responsible land governance model is assumed as a foundation to implement the principles of good governance in the context of urban land governance.

### 3.2.3 Empirical Review

Extensive research in case studies, conference proceedings, peer-reviewed articles, books, and book chapters presented empirical results that the rapid urbanization in Africa, faster than in any other region, is inviting interest and concern (Hailu, 2016; Steel *et al.*, 2017). Steel *et al.* (2017) found that urbanization is a key to the sustainable economic growth of countries. However, the authors' main concern was that urbanization increases land and other real estate values, isolating the poor and young people from the most attractive living areas in a city.

Some studies found that the increasing urban land demand exposes land corruption in Africa (Home, 2021). Consistent with the works of Home (2021), Myers (2011) argued that urban land corruption is caused by weak institutions and a lack of capacity in planning units that fail to respond to complex challenges of urban land governance. To this end, Zhang and Su (2016) suggested that the growing demand for land due to population increases and limited land availability requires municipalities and other concerned stakeholders to take preventive and remedial measures to control and manage urban expansion in the metropolitan area. One preventative measure suggested by Bennett and



[Alemie \(2016\)](#) is that an influential institution supporting a fit-for-purpose principle is essential to correcting corruption and related challenges. For these authors, the one-size-fits-all framework is an ineffective method of addressing the challenges of urban land governance in many African countries.

Studies on urban expansion found that Ethiopia's urbanization and industrialization have accelerated over the past decade, taking more land from the farmlands ([Hailu, 2016](#)). The author suggested that the municipalities and rural land administration institutions need to work together to make the transfer more efficient. Meanwhile, the cities need to make sure that the land taken from the agricultural society is used for the intended purpose. To this end, urban land governance seeks to implement independent and mutually reinforcing principles of good governance to enhance quality service delivery ([Maldonado, 2010](#); [Deininger et al., 2012](#); [Enemark et al., 2014](#)). The success of these principles depends on the dedication of all stakeholders rather than just favouring the role of government ([Virtudes, 2016](#)).

Figure 3.1 which is drawn from the reviewed literature, illustrates the framework for this study. The figure accentuates political leadership in terms of the horizontal and vertical division of power and functions among the different levels of government. Consequently, the federal government is responsible for designing and devising land administration and decentralizing the implementation of these policies to regional governments and municipalities. The regional government has the mandate to articulate land use, development, ownership, allocation, and valuation protocols which correlates with the broader framework of the federal legislation.

The regional urban land legislation empowers municipalities to administer and distribute urban land through auctions and allotments to enhance tenure security, collect land taxes, and provide land-based services to customers ([TNRS, 2012](#)). This creates a linkage between juridical functions to land possession and land lease security, and regulatory functions to land use and development, including fiscal functions to land valuation and taxation.

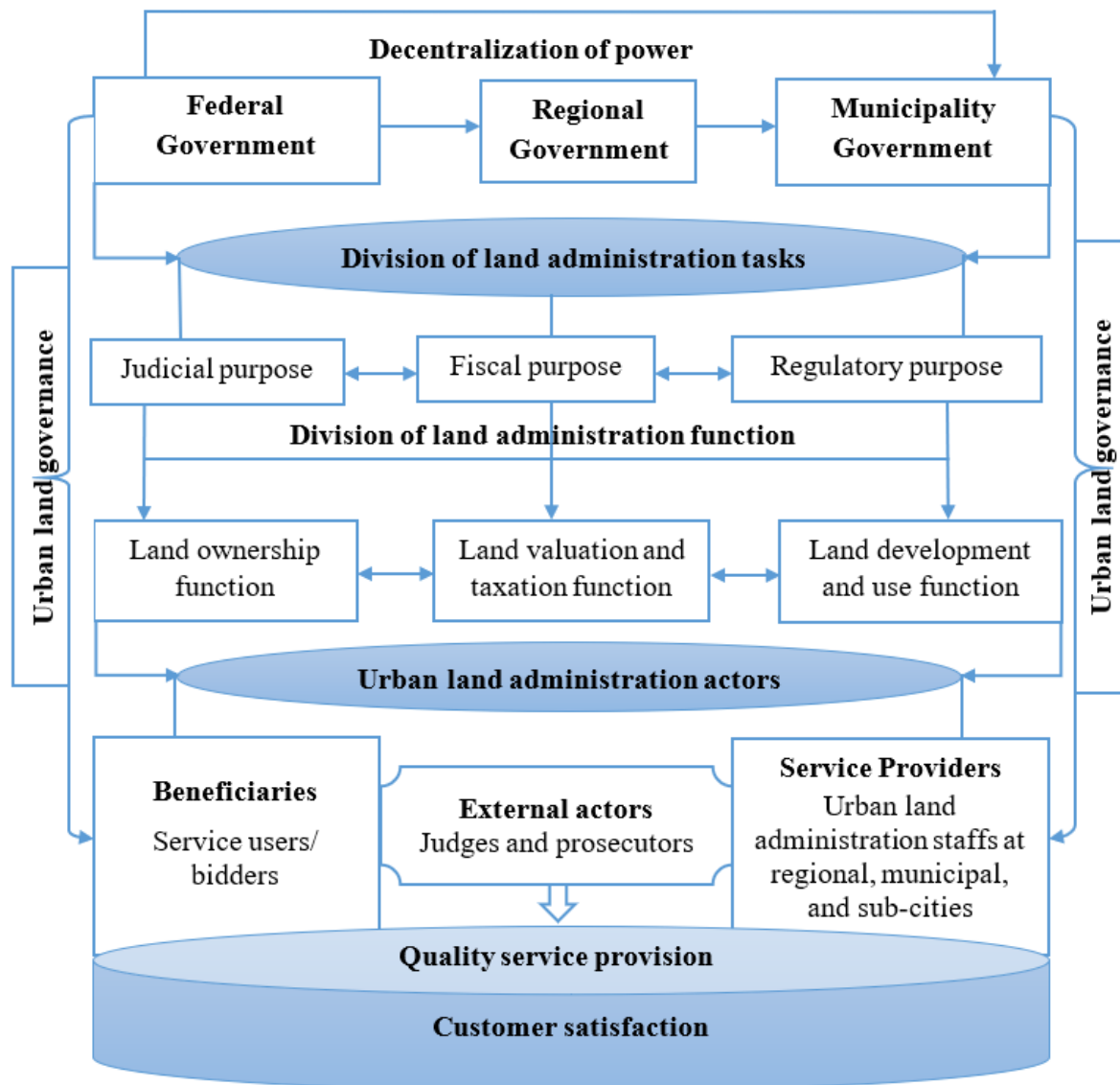


Figure 3.1: A framework to assess urban land governance practices

Figure 3.1 further illustrates the role of the land administration actors to achieve better governance and deliver enhanced services to satisfy their customers. A context-specific good governance index has been developed to measure the implementation of the principles of good governance in urban land administration, considering the challenges of a one-size-fits-all framework (see Chapter 2, p. 44 and p. 48).

The index contains 11 principles: transparency, accountability, efficiency and effectiveness, fairness and equality, public participation, responsiveness, the rule of law, control of corruption, legitimacy

and bureaucracy, ownership security, and service delivery, and each principle comprises 55 parameters. What remains to be seen is the extent to which government measures undertaken to reinforce service delivery at the municipal level pairs with a good governance lens, which is the aim of this study. Consequently, the following hypotheses were tested:

**H0:** Customer satisfaction is not associated with the practice of the principles of good governance (efficiency and effectiveness, transparency, accountability, fairness and equality, public participation, responsiveness, the rule of law, control of corruption, legitimacy, and bureaucracy, ownership security, and service delivery).

**H1:** Customer satisfaction is associated with the practice of the principles of good governance (efficiency and effectiveness, transparency, accountability, fairness and equality, public participation, responsiveness, the rule of law, control of corruption, legitimacy and bureaucracy, the latter are society centric which encompasses the complex relationships within the state, market, and civil society interface ownership security, and service delivery).

### 3.3 Research Methodology

#### 3.3.1 Research Paradigm and Design

This specific study is based on a pragmatic research paradigm where quantitative and qualitative approaches were applied to examine the implementation of good governance principles in Mekelle City, Ethiopia, and to estimate the determinants of customer satisfaction in urban land administration from a good governance perspective. As [Creswell \(2014\)](#) argued, pragmatic research is relevant if the study aims to collect quantitative and qualitative data sequentially to capitalize on the strengths and lessen weaknesses in any single research paradigm.

#### 3.3.2 Sampling and Data Collection

The selected case study is Mekelle City, the third largest city in Ethiopia (after Addis Ababa and Dire Dawa) with a population of 215,546 in 2020 ([World Population Review, 2020](#)). The city was purposively selected because it is the seat and the most significant urban centre of the Tigray National Regional State, where a large scale and diversified urban land is demanded for various uses compared to other towns of the region ([Mezgebo, 2014](#)). Consequently, good governance is considered a solid and strategic component to facilitate the city's expansion and overall urban land

administration. The study was based on cross-sectional data. Primary data was gathered from 399 bidders (customers) from Mekelle City using a semi-structured questionnaire (see Table C.1). The bidders were randomly selected using a systematic random sampling technique for 2014–2019 using the Yamane (1967) formula (see Chapter 2, p 43).

For the quantitative data, the study participant (n=399) comprised bidders drawn from a group of winners and losers of the land auction process in the city from 2014 to 2019. There were 2,335 winners and 70,433 losers. The sample size was distributed across both groups using the proportional distribution method. Key informant interviews with the service providers and third-party bodies (prosecutors and judges who serve as arbitrators between the service users and service providers) were involved for triangulation purposes. The participants were selected based on their authority and expertise in urban land administration using purposive sampling techniques. The questionnaire and interviews were administered to selected participants by the principal investigator between September 2019 and January 2020. The English version was translated into *Tigrigna* (local language) before distribution to ensure that the participants understood the questions explored in the survey. The particulars of the key informants are presented in Table 3.1

Table 3.1: The list of key informants

Interview	Affiliation	Position	Total
Urban land lease transfer	Tigray region urban land administration bureau	Official	2
Urban land data management	Tigray region land administration bureau	Expert	2
Urban land data management	Mekelle City municipality	Expert	2
Land development and management process	Mekelle City municipality	Official	2
Zone courts	Mekelle zone courts department	Judge	4
Justice office	Mekelle sub-cities justice office	Prosecutors	4
Sub-cities land administration	Mekelle sub-cities land administration office	Officials	7
Total	-	-	23

Source: Mekelle Municipality (2020)

When developing data collection tools, testing the validity and reliability of a data collection tool is essential (Wong and Yamat, 2020). It helps to confirm the feasibility and consistency of the tool. Hence, a pilot study is used to determine the validity and reliability of the tools before collecting the actual data. First, content validity has been used to measure the capacity of data collection items to collect, reminisce, and illustrate the variables intended to be measured. Second, reliability statistics,

particularly Cronbach's Alpha, have been used to confirm that the set questions in the tool are consistent and have high relatedness in measuring the intended aims of the study. Consequently, a pilot study was conducted with 15 bidders before the actual survey. The bidders were sampled using a systematic random sampling technique from the same population. Some of the questions were modified after the pilot survey. The bidders who participated in the pilot study were omitted from the actual data collection. Finally, the Cronbach Alpha was tested, as illustrated in Table 3.2.

Table 3.2: Cronbach alpha test of urban land governance dimension scales

Variables	No of parameters	Average item Co-variance	Scale Reliability Coefficient	Average Cronbach's ( $\alpha$ )
EE	5	0.345	0.609	0.7
TR	5	0.280	0.680	
AC	5	0.258	0.676	
FE	5	0.284	0.690	
PP	5	0.545	0.710	
RP	5	0.337	0.750	
RL	5	0.229	0.654	
CC	5	0.298	0.718	
LB	5	0.152	0.694	
OS	5	0.410	0.705	
SD	5	0.444	0.700	

Note: EE= Efficiency and Effectiveness; TR= Transparency; AC= Accountability; FE=Fairness and Equality; PP= Public Participation; RP= Responsiveness; RL= Rule of Law; CC= Control of Corruption; LB= Legitimacy and Bureaucracy; OS= Ownership Security, and SD= Service Delivery.

The reliability of the Average Cronbach's Alpha ( $\alpha$ ) coefficient ranges from 0 to 1, where 0= indicates no co-variance and 1 denotes perfect correlation. [George and Mallery \(2003\)](#) suggest that an optimum  $\alpha$  coefficient ranges between 0.6 and 0.8. As depicted in Table 3.2, the Alpha ( $\alpha$ ) coefficient is between 0.6 and 0.8 for all predictor variables with an average coefficient of 0.7.

### 3.3.3 Estimation and Analytical Approach

The 11 principles of good governance were further streamlined into five parameters and included in the questionnaire using positive statements (see Table C.1). Finally, the customers were asked to rate their perceptions of the principles of good governance implementation by city authorities concerning their satisfaction in accessing urban land administration services.

### 3.3.4 Model Specification

The data were analyzed through descriptive and inferential statistics in both SPSS 26 and STATA 16 statistical software. Descriptive statistics were applied using SPSS 26 to examine the implementation of the principles of good governance. The unweighted average response of the customers to the parameters measuring the specific principle of good governance was considered and analyzed using descriptive statistics. To estimate the determinants of customer satisfaction in urban land administration, a binary logistic regression was applied using STATA 16. Accordingly, the principles of good governance were regrouped as  $1 \leq APG_{ki} < 3$  to account for the lack of a ' $k^{th}$ ' principle of good governance coded as "1" considered as target category and  $3 \leq APG_{ki} \leq 5$  to account for the existence of a ' $k^{th}$ ' principle of good governance coded as "0" and considered as a reference category.

The model was formulated as:

$$APG_{Ki} = f(PG_{Ki1} + PG_{ki2} + PG_{ki3} + PG_{ki4} + PG_{ki5}) \quad (3.1)$$

Where;  $APG_{ki}$  denotes a rating of the average ' $k^{th}$ ' principle of good governance,  $PG_{ik1}$  denotes the rating of the ' $k^{th}$ ' parameters of good governance by customer ' $i$ ', ' $k$ ' varies from 1 to 11 and ' $i$ ' spread from 1 to 399.

To regroup customer satisfaction,  $1 \leq CS_i < 3$  account for customer satisfaction was affected by the dearth of the principles of good governance coded as "1" considered as a target category and  $3 \leq CS_i \leq 5$  account for the existence of customer satisfaction coded as "0" and considered as a reference category. Customer satisfaction (dependent variable) in the context of this study is the satisfaction level of bidders in urban land administration from the perspective of the principles of governance. Thus, a binary logistic regression model was applied and specified as follows:

$$\ln \frac{p}{1-p} = e^{\beta_0 + \beta_1 EE + \beta_2 TR + \beta_3 AC + \beta_4 FE + \beta_5 PP + \beta_6 RP + \beta_7 RL + \beta_8 CC + \beta_9 LB + \beta_{10} OS + \beta_{11} SD} \quad (3.2)$$

Based on equation (3.3), the conditional probability of the logistic regression equation for customer satisfaction was provided as:

$$\ln \frac{p}{1+p} = \frac{e^{\beta_0 + \beta_1 EE + \beta_2 TR + \beta_3 AC + \beta_4 FE + \beta_5 PP + \beta_6 RP + \beta_7 RL + \beta_8 CC + \beta_9 LB + \beta_{10} OS + \beta_{11} SD}}{1 + e^{\beta_0 + \beta_1 EE + \beta_2 TR + \beta_3 AC + \beta_4 FE + \beta_5 PP + \beta_6 RP + \beta_7 RL + \beta_8 CC + \beta_9 LB + \beta_{10} OS + \beta_{11} SD}} \quad (3.3)$$

$$\ln \frac{p}{1+p} = \frac{1}{e^{-(\beta_0 + \beta_1 EE + \beta_2 TR + \beta_3 AC + \beta_4 FE + \beta_5 PP + \beta_6 RP + \beta_7 RL + \beta_8 CC + \beta_9 LB + \beta_{10} OS + \beta_{11} SD)}} \quad (3.4)$$

Where:  $\ln \frac{p}{1-p}$  denotes the natural logarithm of customer satisfaction that is the odds for  $p(y = 1)$ ,

$\beta_0$  and  $\beta_1$  stand for regression intercept and regression coefficient estimates (parameters),

”e” stand for 2.71828

The survey was initially designed based on the five-point Likert scale. However, the customers’ responses strung between two responses (disagree and agree) and (dissatisfied and satisfied). Accordingly, binary logistic regression was selected to explore the level of customer satisfaction, following the works of, among others, [Ovidiu and Oana \(2014\)](#); [Mengesha \(2016\)](#); [Al-Sheeb et al. \(2018\)](#); [Engdaw \(2020\)](#). All the diagnostic analyses, among other things, multicollinearity, heteroscedasticity, normality, and goodness-of-fit tests, were performed before running the regression. Apart from the quantitative data, the qualitative data were analyzed using content analysis in conformance with the theoretical, empirical, and conceptual framework of this study.

### 3.4 Results

#### 3.4.1 Descriptive Statistics

Table 3.3 below presents the descriptive statistics of the principles of urban land governance practices from a case in point. On average, 63 percent of the customers disagreed on the efficiency of the municipality, while 32 percent agreed. In conformance herewith, the interviewed prosecutor claimed that service delivery is not based on the one-stop-shop principle. The interviewed prosecutors also

felt that some of the municipal staff lack the requisite capacity for their position while others were irresponsible. The official from the land development and management division supported this view and elaborated further:

*“The municipality has a shortage of resources regarding surveyors, machinery, scanners, land survey facilities, GIS radio, and Total station, hampering effective and efficient land administration”.*

Table 3.3 illustrates that urban land administration lacks transparency, with 73 percent of the customers reporting that they were not pleased with the Mekelle City officials’ level and quality of service delivery. Interviewed judges supported these viewpoints and said that the region’s land-related legislation was intentionally or carelessly not uploaded on the institution’s website and, therefore, practically inaccessible to the general public. Although officials of land development and management processes emphasized that the municipality had a separate office serving as an information desk, the prosecutors held that it was not fully operational to promote public interest and the public good. The participant judges in the study group also said that municipal information dissemination was limited to a formal meeting.

Table 3.3: Descriptive statistics of the principles of urban land governance practices

Variables	Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree
EE	17(4.26%)	250(62.65%)	2(0.50%)	127(31.82%)	3(0.75%)
TR	14(3.50%)	291(72.93%)	3(0.75%)	89(22.30%)	2(0.50%)
AC	10(2.50%)	298(74.68%)	8(2.00%)	80(20.05%)	3(0.75%)
FE	12(3.00%)	263(65.91%)	3(0.75%)	119(29.82%)	2(0.5%)
PP	5(1.25%)	307(76.94%)	4(1.00%)	80(20.05%)	3(0.75%)
RL	6(1.50%)	319(80.00%)	2(0.50%)	70(17.54%)	2(0.50%)
RP	13(3.25%)	249(62.40%)	8(2.00%)	122(30.57%)	7(1.75%)
CC	14(3.50%)	310(77.69%)	9(2.25%)	63(15.78%)	3(0.75%)
LB	16(4.01%)	288(72.18%)	8(2.00%)	81(20.30%)	6(1.50%)
OS	5(1.25%)	201(50.37%)	10(2.50%)	179(44.86%)	4(1.00%)
SD	15(3.75%)	295(73.93%)	10(2.50%)	75(18.79%)	4(1.00%)

As illustrated in Table 3.3, on average, 75 percent of the customers disagree with the accountability of the officials and experts in urban land administration in service delivery, while 20 percent agreed on the existence of accountable officials. Supporting the customer’s statement, the interviewed prosecutors argued that the absence of appropriate assessment of the performance of urban land administration officials and compliant handling mechanisms in the municipality reduced the officials’



and experts' level of accountability.

The average result of the principles of fairness and equality on urban land administration showed that 66 percent of the customers disagreed that the administration treats clients fairly and with equality, while 30 percent agreed that they were treated fairly and equally. The prosecutors and judges affirmed that a significant number of land-related decision-making processes were affected by the biased nature of the informal system of land valuation. The prosecutors' and judges' views are supported by the interviewed Tigray Region Urban Land Lease Transfer Bureau official, *"who asserted that the unstandardized nature of the municipal land valuation system poses a challenge to efficiency, professionalism, and effectiveness"*.

Table 3.3 also illustrated that 77 percent of the customers reported that their participation in various decision-making processes is insignificant, while 20 percent believed that they participate actively in decision-making. This gap is explained by the qualitative information provided by the interviewed experts at the urban land administration office of the sub-cities. They said that the municipality is not creating awareness via education and training for the community when new land legislation is enacted or amendments are made. The judges further explained that a hotline is not available to enable customers to report misconduct.

Table 3.3 illustrates that 80 percent of the customers who responded were not satisfied with adhering to the rule of law in the municipality's land administration, and only 18 percent of the customers were satisfied with the adherence to the rule of law. Evidence from the qualitative data was equally telling. The interviewed officials at the Tigray Urban Land Lease Transfer Bureau stated that the enforcement of land rights has a problem of clarity. The interviewed judges and prosecutors corroborated this and said that land clearing and transfer rights on old possession did not conform with proclamation no. 721/2011 but was conducted randomly.

The study found that 62 percent of the customers believed there was an insufficient level of responsiveness on the land and related activities of the municipality, while 30 percent indicated the presence of responsive civil servants (see Table 3.3). Experts from the urban land administration office of the sub-cities highlighted the lack of specified timeframes to serve customers. Interviewed judges specified a significant number of pending conflicts and a lack of genuine conflict resolution mechanisms that negatively affected the municipality's service provision. The prosecutors supported this finding and confirmed the lack of resilient mechanisms for appeal when customers are

dissatisfied with the officials' decisions. The prosecutors from the Mekelle sub-cities confirmed that the absence of a municipal court increased pending conflict.

Table 3.3 also illustrated that 78 percent of the customers noted that the municipality's land administration is associated with corruption, while 16 percent supported the existence of a corruption control mechanism. The judges claimed that land and related decision-making in the municipality is accompanied by nepotism and bribery. The judges' claims are supported by the municipal urban land data management, who said that employees sought kickbacks to deliver illegitimate services and that customers pay to receive illegitimate amenities. Although their numbers are insignificant, certain employees have been penalized, convicted, and dismissed due to corruption. The municipal land development and management official who was interviewed claimed that

*“The rent-seeking behaviour is increasing at the municipality. Some customers try to influence the municipality and claim to get the benefit they do not deserve. This rent-seeking syndrome is especially true when customers need to sell their land lease before they finished construction. They pay kickbacks for the experts to report that 50 percent of the construction is finished before reaching 50 percent, which is against the land legislation. This challenge has partly resulted from the rent-seeking attitudes and practices that customers observed from officials and experts”.*

The prosecutors and judges stated that illegal construction on Mekelle City urban land is practiced widely by the community, private sectors, and municipal officials. This illegal construction is exacerbated by illegal meddling in judicial matters and a lack of modification of documents promoting illegal construction. In addition, the officials and experts of the Urban Land Administration office of the sub-cities said that the municipal officials wield power and rule in favour of their relatives, political associates, and friends. Concerning legitimacy and bureaucracy, 72 percent of the customers had reservations about legitimate leadership, whereas 20 percent trusted the official's leadership competency. The interviewed prosecutors argued that failure in leadership is a major challenge to good land administration in the Mekelle municipality. Table 3.3 shows that approximately 50 percent of the customers believed that their land ownership was insecure compared to 45 percent who thought it was secure. According to experts in Mekelle Urban Land Development and Management Process:

*“Land ownership transfer is prone to problems because ownership rights to land were not conducted through a neighbourhood development plan (NDP). The municipality did not scale up its institu-*

*tional, material, and human resource capacity to improve the NDP. This affected tenure security, especially on the suburban fringes and newly incorporated urban land”.*

Table 3.3 also shows that municipal service delivery was at its lowest level because 74 percent of the customers disagreed with the quality of services. The sub-city experts from the Urban Land Administration Office believed that the municipality does not conduct a customer satisfaction survey on the quality of its services. Similarly, the prosecutors believed that it is the municipality’s primary task to evaluate civil servants’ overall activities and performance quarterly. However, they have not fulfilled these requirements to address the customers’ complaints adequately and introduce the necessary interventions.

The study also examined customers’ level of satisfaction for urban land governance in Mekelle Municipality. Figure 3.2 below shows customers’ level of satisfaction in urban land administration from a good governance angle.

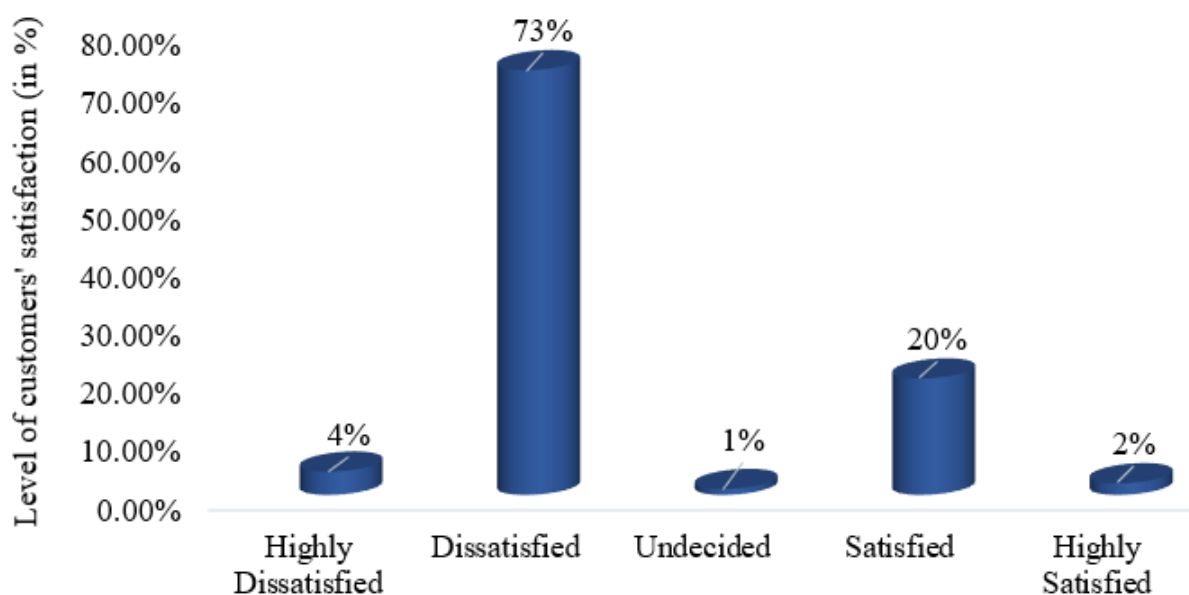


Figure 3.2: Customers’ level of satisfaction for urban land governance

Figure 3.2 illustrates that approximately 73 percent of the customers were highly dissatisfied with the practices of the principles of good governance in urban land administration, while 20 percent were satisfied with the current urban land administration. This result implies that the Mekelle City municipality has not addressed customer satisfaction adequately in light of good governance

principles as a point of reference.

### 3.4.2 Main Empirical Findings

Table 3.4 below presents the logistic regression analysis (coefficients, marginal effect, odds ratio, and mean). The regression analysis showed that other things remain constant, and the lack of transparency and accountability, limited public participation, violation of the rule of law, and corruption are the major factors determining customer satisfaction. For this study, the marginal effect has been utilized for interpretation.

The result of the regression analysis shows that, compared to the customers who agreed on transparency (TRdisagr) in the process of urban land administration, those who disagreed decreased their level of satisfaction by 0.10 marginal effect, while other factors remained constant. This finding implies that the lack of transparency has a negative impact on urban land administration. Similarly, accountability (ACdisagr) is another factor determining customer satisfaction in urban land administration. Statistically, urban land customers are more likely to be dissatisfied due to the absence of accountability in urban land administration by 0.19 marginal effect while holding other factors constant.

Table 3.4: Results of a logistic regression analysis

Variables	Coef.	Odds Ratio.	dy/dx	X
EEdisagr	-0.326(0.317)	0.723	-0.039	0.584
TRdisagr	0.768** (0.311)	2.156	0.105	0.700
ACdisagr	1.242*** (0.341)	3.463	0.194	0.792
FCdisagr	0.374(0.321)	1.453	0.048	0.722
PPdisagr	0.826** (0.363)	2.285	0.119	0.792
RLdisagr	2.164*** (0.318)	8.707	0.362	0.732
RPdisagr	-0.099(0.382)	0.906	-0.012	0.800
CCdisagr	0.645** (0.317)	1.906	0.085	0.672
LBdisagr	-0.495(0.400)	0.610	-0.054	0.807
OSdisagr	-0.389(0.314)	0.678	-0.048	0.486
SDdisagr	-0.545(0.348)	0.580	-0.061	0.739
Number of observations = 399 LR chi2(11) = 116.24 Prob >chi2 = 0.0000				

**Note:** (Asterisk) \*\*\* and \*\* represent, respectively, a level of significance at 1 and 5 percent; values in parenthesis are standard deviation

The result of the regression analysis confirmed that compared to those customers who agreed on

the existence of active public participation (PPdisagr) in decision-making, customers who disagreed decreased their level of satisfaction by 0.11 marginal effect, while other factors remained constant. The rule of law was one of the major determinants of customer satisfaction in urban land administration.

The result of the regression analysis revealed that the violation of the rule of law (RLdisagr) significantly affected the level of urban land customers' satisfaction by 0.36 marginal effect while holding other variables constant. This result implies that the lack of the rule of law negatively affected customers' level of satisfaction. Furthermore, compared to those customers who agreed with the existence of control of corruption (CCdisagr) in urban land administration, those who disagreed reduced their level of satisfaction by 0.08 marginal effect, while other factors remained constant. However, factors such as efficiency and effectiveness, fairness and equality, responsiveness, legitimacy and bureaucracy, ownership security, and service delivery were not statistically significant.

### 3.5 Discussion

With the complicated nature of the land administration process, appropriate implementation of the principles of good governance is a powerful ingredient for well-functioning and effective urban land administration (Mansberger *et al.*, 2012). To this end, a context-specific and detailed toolset of parameters allows land administration stakeholders to monitor land administration activities within a particular country (Mansberger *et al.*, 2012). Thus, the present study provides evidence on implementing the principles of good governance and the extent of customer satisfaction emanating from practices of those principles in urban land administration.

This specific study revealed that good governance principles at the municipality were below the customers' level of satisfaction. These observations are consistent with the results of other studies in the field of land administration and other similar public administrations (Lockwood, 2010; Myers, 2011; Deininger *et al.*, 2012; Mansberger *et al.*, 2012; Koroso *et al.*, 2013; USAID, 2013; Alemie *et al.*, 2015b; Shibeshi *et al.*, 2015; Bennett and Alemie, 2016; Nuhu and Mpambije, 2017; Adam and Birhanu, 2018; Bhatt *et al.*, 2018; Klimach *et al.*, 2018; Wubneh, 2018; Azadi, 2020; Casiano Flores *et al.*, 2020; Chiweshe, 2021).

Table 3.3 indicates that most customers strongly disagree on the practice of good governance principles. In addition, most customers are dissatisfied with the Mekelle City land administration's

quality of service delivery (see Figure 3.2). Moreover, the regression analysis results of this specific study demonstrated that the absence of the principles of good governance is directly and strongly associated with customer dissatisfaction (see Table 3.4). Therefore, it can be inferred that the deficiencies in good governance in urban land administration in the city contribute towards customer dissatisfaction. The association between good governance and customer satisfaction in line with the previous findings is discussed as follows.

This study found that transparency has a direct and strong association with customer satisfaction in service delivery. Most importantly, this study's findings of the detailed regression analysis between transparency and customer satisfaction show that, on average, those who disagreed with the existence of transparency in urban land administration in Mekelle City decreased their level of satisfaction by 0.10 marginal effect compared to the customers who agreed. The results of this study are consistent with other previous empirical studies by Lockwood (2010) (Scotland, France, Spain, and India), Alemie *et al.* (2015c) (Ethiopia), Koroso *et al.* (2013) (China). In this regard, Lockwood (2010) found that transparency has a direct and strong relationship with protected area governance, where stakeholders have the right to know about the issues that affect them. According to the author's findings, performance reporting through annual reports against the achievement of plans and policies is a significant element of transparency. As Klimach *et al.* (2018) suggested, public administration needs accurate and easily accessible information. However, the lack of open and detailed service procedures affected the trust between the people and the municipality of Mekelle.

Proclamations, regulations, directives, and manuals are also practically inaccessible to the general public in the city. In line with the present study findings, Alemie *et al.* (2015c) found that non-transparent land policymaking and implementation affected land administration negatively in cities such as Bahir Dar, Hawassa, and Dre Dawa. USAID (2013) criticized the urban land lease market to the foreign investors in Ethiopia for its lack of transparency. Like in Ethiopia, urban land in China is in the hands of the government, where municipalities in both countries are de facto owners of urban land (Koroso *et al.*, 2013). Land use right in both countries is transferred through auction and tender in a competitive bidding fashion. However, consistent with the findings of this study, Koroso *et al.* (2013) found that land lease market transparency is far behind. Whether transparency is high in state ownership or private ownership of land, the existing findings in Ethiopia and China, where land is in the hands of government, shows that transparency is below customer satisfaction.

This study demonstrates that accountability has a direct and strong association with customer satisfaction in urban land administration. [Lockwood \(2010\)](#) points out that accountability is directly correlated with protected area governance. According to the author, a constituency can directly or indirectly impose sanctions on a poorly performing protected area agency and raise a vote of no confidence against a government agency for poor performance in Scotland, France, Spain, and India. The detailed regression analysis of the results of this study shows that lack of accountability is a significant determinant factor affecting customer satisfaction. The statistics revealed that urban land customers are more dissatisfied with the lack of accountability in urban land administration with a 0.19 margin. Studies that support the findings of this study are [Deininger \*et al.\* \(2012\)](#) (Ethiopia), [Myers \(2011\)](#) (Kenya). The non-standardized and manual land valuation system and the lack of mechanisms to hold the officials accountable for failing in their official duties in Ethiopia predisposed the system to corruption and rent-seeking practices. The findings of this study are in line with previous studies from Ethiopia. [Deininger \*et al.\* \(2012\)](#) found that the overlapping mandates and activities among urban land administration stakeholders are challenging factors to accountability. [Myers \(2011\)](#), in an assessment of the governance status of African cities specific to Kenya, concluded that the absence of vertical accountability affects people willing to participate in policymaking and implementation in Nairobi. Both Ethiopia and Kenya decentralized land administration to share power and responsibilities between national and local governments and settled many land administration problems at local levels by the local administrators. Nevertheless, the absence of accountability negatively impacts customer satisfaction in both countries. This finding shows that the main purpose of decentralization has failed in practice.

Most crucially, public participation has a direct and strong association with customer satisfaction in urban land administration service delivery. In line with this, scholars such as [Myers \(2011\)](#); [Mansberger \*et al.\* \(2012\)](#); [Shibeshi \*et al.\* \(2015\)](#); [Klimach \*et al.\* \(2018\)](#) assessed the association between good governance and public administration in various countries and found that community engagement in decision-making processes at different administrative levels improves trust between customers and service providers. The present study's findings identified that the absence of public participation in decision-making played a crucial role in explaining customer dissatisfaction. Thus, the result of the regression analysis showed that the lack of public involvement reduced customer satisfaction levels by a margin of 0.11. Consistent with this study's findings, studies in Ethiopia ([Alemie \*et al.\*, 2015c](#)), Mozambique ([Azadi, 2020](#)), Rwanda ([Casiano Flores \*et al.\*, 2020](#)), and Tan-

zania ([Kariuki, 2020](#)) claimed that the lack of public participation significantly reduced customer satisfaction. [Alemie \*et al.\* \(2015c\)](#) showed that lack of community participation in policymaking and implementation affected land administration negatively in cities such as Bahir Dar, Hawassa, and Dre Dawa.

[Adam and Birhanu \(2018\)](#) revealed that community participation in rural land administration is limited to an election. In this regard, the authors added that women's involvement in the decision-making process of the local land administration system is very low. In Mozambique, the lack of effective participation of the rural community and the lack of an inclusive and pro-poor agricultural sector have negatively impacted rural land management ([Azadi, 2020](#)). Despite the people's constitutional right to, directly and indirectly, participate in decision-making as stated in the [FDRE \(1995\)](#), there is a lack of community involvement when land is expropriated in Ethiopia. This study's findings were in line with a study by [USAID \(2013\)](#), which claimed that stakeholders (including the current land users) are not appropriately consulted when land is expropriated for the leasing process. Similarly, [Casiano Flores \*et al.\* \(2020\)](#) noted some limitations to participatory practices regarding governance in Rwanda, where even local government participation in the land administration process is minimal. In addition, [Kariuki \(2020\)](#) found that public participation in Dar es Salaam, Tanzania, is inadequate. Citizens rarely make meaningful input in many developments and governance matters due to its conditional and top-down driven administrative arrangements.

According to [Casiano Flores \*et al.\* \(2020\)](#), there are limitations to the strategies that will enable stakeholders to implement new systems. The centralized system of governance around land administration triggered the non-participatory process in Rwanda. Unlike the centralized land administration system in Rwanda, the land administration system in Ethiopia is decentralized. However, the same result shows that both countries are not open to public participation. Therefore, it should not be surprising that the distance of the public from participating in decision-making affected the trust between the municipality and the community in both countries. From the above findings on accountability, it can be concluded that the lack of proper sanctions on poorly performing government agencies compromised quality service delivery and negatively influenced customer satisfaction. One of the main reasons for the decentralized land administration in Ethiopia, Kenya, and Mozambique is to provide people with a better understanding of their problem and allow them to directly participate in decision making ([Myers, 2011](#); [Alemie \*et al.\*, 2015b](#); [Azadi, 2020](#)). However, the real-



ity is the opposite, seeking a practical response. The participation of the customers' policymaking and other related decision-making activities is minimal, indicating that the absence of community participation is negatively impacting customer satisfaction.

This study reveals that the rule of law has a direct and robust association with customer satisfaction in urban land administration. Consistent with the present study's findings, [Lockwood \(2010\)](#) claimed a strong link between the rule of law and terrestrial protected area governance and held that governing bodies' decisions and actions should be in line with the policy objectives and directions of the protected areas. As [Mansberger \*et al.\* \(2012\)](#) found, good governance in land administration comes from a successful implementation of policies, laws, and institutions. The successful implementation of policies ensures the rule of law. However, according to the present study's findings, violations of the rule of law in Mekelle municipality have significantly impacted customer satisfaction, with a score of 0.36 marginal effect. The evidence presented in the present study showed that the land administration legislation deviates from this expectation because customers' existing land rights were disrespected. The results of the present study are consistent with previous empirical studies from Ethiopia ([Wubneh, 2018](#)), Tanzania ([Nuhu and Mpambije, 2017](#)), and China ([Koroso \*et al.\*, 2013](#)). Consistent with the present study's findings, [Wubneh \(2018\)](#) said the Ethiopian government is abusing the land proclamation and regulations that lease thousands of hectares of land to investors at the expense of the local people. This finding is also consistent with [Nuhu and Mpambije \(2017\)](#) who asserted that abuse of law is a determinant factor affecting accessing urban land in Tanzania, where the law itself is complex, coupled with administrative capacity challenges. [Koroso \*et al.\* \(2013\)](#) found violations of land laws that negatively affected China's land market and said that although land lease law requires transparency in land transactions, those transactions are still carried out in the obscure method. Whether countries follow centralized or decentralized land administration, observance of the law is the main element of democracy. The strong association between rule of law and customer satisfaction, on the one hand, the absence of appropriate implementation of rule of law in land administration in Mekelle City, and Ethiopia's rank of 128<sup>th</sup> in terms of quality of democracy, on the other hand, shows that the absence of quality of democracy has affected observance of land legislation in Mekelle City.

Control of corruption also has a direct and robust association with customer satisfaction in urban land administration in Mekelle. The findings of this study show that corruption has reduced

customer satisfaction by a margin of 0.08. The finding of this study is in line with some other earlier studies in Ethiopia (Wubneh, 2018), China (Koroso *et al.*, 2013), Tanzania (Nuhu and Mpambije, 2017), and Uganda (Bhatt *et al.*, 2018). Wubneh (2018) found the urban land lease system was the primary source of bribery and administrative incompetence in land distribution. This author found that the government's land reform from a conventional land market to a lease system paved the way to aspects of bribery and deception. Similarly, Chiweshe (2021) revealed that land administration is the third most corrupt institution in Africa after the police and the judiciary, and urban land is the most vulnerable to corruption because of increased demand. The corrupt land administration reduces the quality of service provision and thereby compromises client satisfaction. According to Bhatt *et al.* (2018), corruption threatens urban land governance, including various brokers, managers, and surveyors in Uganda. Nuhu and Mpambije (2017) found that Tanzania's urban land acquisition process had been marred by petty corruption due to the ineffective anti-corruption agencies.

The present study's findings revealed that the absence of the "first-come, first-served" principle compelled the citizens to engage in corruption and rent-seeking activities. In addition, the lack of genuine interest in solving land and related problems and genuine conflict resolution institutions led customers to pay kickbacks to save time (shortcuts), which negatively affected the level of responsiveness. This gap stimulates judicial authorities to decide in favour of their relatives and collect bribes and facilitates customers to claim benefits they do not deserve. Supporting the findings of this study, Myers (2011) found that weak land governance institutions in many African countries opens the space for land speculation and corruption. Home (2021) found that the increasing urban land demand triggered land corruption in Africa. In line with this study, Koroso *et al.* (2013) found that the land lease market in China is exposed to corruption by government power abuses.

Generally, the principles of good governance mentioned above play a substantial role in harmonizing the bond between urban land and the urban community. However, in the present study, the lack of appropriate implementation of the principles mentioned above reduced customer satisfaction by the cumulative marginal effects of 0.87 (87 percent). This result indicates that the land sector in Mekelle is struggling to enhance customer satisfaction due to the lack of good governance.

### 3.6 Conclusion and Policy Implications

Urban land administration structures across countries in Sub-Saharan Africa have been unable to cope with urban land and housing demand, creating tremendous opportunities for corruption and other administrative challenges. In Ethiopia, several land administration issues have been raised and discussed many times at different levels of government. One of these issues is the issue of good governance. This study presented evidence supporting the relationship between service delivery, customer satisfaction, and good governance in urban land administration. An alternative methodology was applied in the study where customer satisfaction governance-based determinants in urban land governance was examined using quantitative analysis. The concept, theoretical, and empirical prescriptive of governance reviewed in this study was vital to identify the principles of good governance in the context of urban land administration. Moreover, the findings of this study supported the theoretical and empirical reviewed literature positively.

Given the importance of land to everyone's life and that it affects all sections of society, the conflict of interest on the land is more than any other factor of production. As a result, it is in everyone's interest to try and take advantage of this conflict of interest. If the customers are poor, they would want urban land administration institutions to favour the poor. Private investors would want to have a system, policy, and governance that favours them, while the government wants the land to fall into its hands.

Two fundamental elements are needed to reconcile these conflicts of interest and sustain urban land market and development: sound land governance, and appropriate land policy. The most important of these is sound land governance. Despite these highly proven policies, it remains rhetoric without a good executive. Therefore, it can be said that the key is with the executive. For the executive to perform its function properly, certain codes of ethics are needed. These codes of ethics are the principles of good governance. That is why any time you enter any land administration office, you see the principles of good governance painted and posted on different coloured paper on the walls.

In terms of implementation, the principles of good governance have shown low performance, putting a huge strain on the quality of service delivery and customer satisfaction. According to the study, the quality of service delivery and the practice of good governance have a direct relationship with customer satisfaction, where the dearth of good governance compromised the quality of service

delivered, exacerbating customer dissatisfaction. The main findings in Chapter 1, p. 53 of this study indicate that accountability, transparency, rule of law, and public participation matter most in urban land administration. However, the principles mentioned above reduced customer satisfaction by a 0.87 (87 percent) cumulative marginal effect. Hence, the municipality has been red-lighted, and the customers are the ones who suffer from a lack of quality service delivery and a weak system of land governance.

Municipalities are known to provide a wide range of services to their residents. One of the services offered in cities is urban land development and administration services. However, these municipal services are often overcrowded, complex, and require special attention in Mekelle Municipality. Hence, the following recommendations are highlighted from this study.

1. The municipality should develop a municipality-wide land development and management service delivery standard to address the sector's inefficient, non-transparent, and poor-quality service.
2. The municipality needs appropriate implementation of the principles of good governance to enhance the quality of service delivery, avoid professional rent-seeking attitudes, and differentiate rent-seekers from the innocent in the municipality.
3. Furthermore, the municipality and all respective stakeholders should prioritize accountability, transparency, the rule of law, public participation, and control of corruption to advance and promote good governance and increase customer satisfaction.

## CHAPTER 4

### DYNAMICS OF URBAN LAND MARKET IN ETHIOPIA: EMPIRICAL EVIDENCE FROM MEKELLE CITY

This is a published paper in the International Journal of Economics and Business Administration, 2020, VIII(4), 450–470.

#### 4.1 Introduction

Over the past 200 years, a gradual but fundamental change in land value has been observed in many countries (Wallace and Williamson, 2006). This emanates from the fact that land is used in almost all urban activities, including transportation, construction, manufacturing, government utilities, and other social and infrastructural activities (Gwamna *et al.*, 2015). As a result, urban land has become a critical component in determining the density of the urban population, the form, and the price of urban land (Serra *et al.*, 2015). It has become a vital tool for the urban economy (Glumac *et al.*, 2019).

Other things remaining constant, the economic forces of demand and supply regulate the value of urban land (Gwamna *et al.*, 2015). Consequently, any imbalance between demand and supply of urban land significantly impacts the relative scarcity of land allocated for various uses. Although land supply is known for its relative inelasticity, it may increase or decrease depending on the relative gap between urban expansion, rural to urban land conversion, and land use demand (Du *et al.*, 2016; Gedal and Ellen, 2018). If urban land supply is highly responsive to demand, there is a tendency for the land to be productive, while a failure in urban land markets to respond effectively to demand will tend land values to be much higher (Gwamna *et al.*, 2015).

The factors associated with the demand and the supply of urban land are significant for executives to value land, and adopt the land tax, and for policymakers to formulate land-related policy reforms understanding the market value (Du *et al.*, 2016; Gedal and Ellen, 2018). A well-functioning urban land market is crucial in enhancing efficient land use by optimizing land provision amid contending uses in developing effective and efficient spatial patterns and structures of cities (Ding and Zhao, 2014). The success of land markets depends on certainty in democracy, community interest for a

land market benefit, and belief in the inviolability of property (Williamson *et al.*, 2010). However, urban land markets in many developing countries have suffered from market imperfection, inefficient distribution, pervasive land insecurity, and conflicts over urban land (Kolowe, 2014). Nevertheless, the nature and levels of imperfection differ from one country to another and from one municipality to another.

Like other developing countries, the current economic growth of Ethiopia demands massive urban land for residential use, industrial expansion, and urban development (Adamu, 2014). To respond to this demand, the government declared public ownership as a fundamental policy reform (FDRE, 1995, 2011). The policy reform was also intended to achieve better coordination among stakeholders to reduce tedious bureaucracy and unnecessary work steps, which result in temptation for acts of land speculation and informal payments. To this end, urban land markets in the country were transacted in leases organized by formal institutions for the first time in 1993 (TGE, 1993; FDRE, 2011; Adamu, 2014). However, in many cities of Ethiopia <sup>1</sup>, the land auction and allotment process took place without considering the growing demand for urban land (Eticha, 2017). This rising demand resulted in the illegal construction of houses, informal settlements, and speculation (Adamu, 2014; Eticha, 2017).

Given the significance of land to wide-reaching development efforts and the involvement of various actors in land use, market, and development, extensive research has been done on urban economic issues, such as urban land expansion, real estate market, and housing market, with less attention towards urban land lease market (Angel *et al.*, 2011; Chen and Song, 2014; Hamidi and Ewing, 2014; Vongpraseuth and Choi, 2015; Chen *et al.*, 2016; Zhang and Su, 2016; Xiong and Tan, 2018). In addition, several empirical studies on the land market assessed the determinants of the price of urban land from a supply perspective (Du *et al.*, 2011; Yang *et al.*, 2015; Combes *et al.*, 2019). These studies found that the inelastic nature of the land results in a decrease in its supply. In contrast, the empirical studies that focused on the determinants of the price of urban land from the demand angle found that socio-economic factors such as income, infrastructure, an increase in population and net migration, environmental concerns, social and neighbourhood status affect the land market (Jaeger, 2013; Bayrau and Assefa, 2017).

The main contribution of this study is that first, to the researcher's knowledge, little is known about

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<sup>1</sup>Cities such as Bahir Dar, Addis Ababa, and Hawasssa, and towns such as Adigrat, Enticho, and Adwa are highly and negatively affected by the illegal construction of houses, informal settlements, and speculation.

the land lease values of Ethiopian cities. Second, in an economic sense, it is crucial to examine the urban land value determinants from both the demand and supply side, and less attention has been paid to this in the literature. Therefore, this study examines the dynamics of the urban land lease market in Ethiopia. Attention has been paid to examining the determinants of the urban land lease market from both the demand and supply side from empirical evidence gathered at Mekelle City. The urban land lease market would benefit from adopting a comprehensive framework that would consider all four perspectives: land lease demand, land lease supply, land lease market, and the determinants of markup price (the willingness to pay) from the demand and supply angles. Thus, this specific study uses pooled OLS in the empirical analysis to identify and measure the determinants of markup price in Mekelle City.

This chapter is designed as follows. Section 4.1 presents the introduction, research gap, and contribution of the study. The introduction section is followed by conceptual background, theoretical perspectives, and empirical analysis around the land market. Following this, the conceptual framework is drawn from the reviewed concepts, theoretical, and empirical literature. The research methodology is presented in Section 4.3, followed by the findings of the study in Section 4.4, a discussion in Section 4.5, and finally the conclusion and policy implications in Section 4.6.

## **4.2 Literature Review**

### **4.2.1 Ethiopia and the Evolution of Urban Land Market**

Land is considered a fundamental factor of production in any country with broad social, economic, political, cultural, and spiritual implications (Williamson *et al.*, 2010). However, the process of land allocation and affordability depends on the policy and how impartially land is allocated among the people (Owoeye and Adediji, 2015; Adam, 2019). Unlike other goods and services, land is a factor of production that cannot be produced. Consequently, countries endorse land use and ownership, and land market policies to preserve their people's economic power, social solidarity, and spiritual attachments.

Establishing a land market encompasses variations in land ownership models and can be done either gradually or radically through land reform (Xie *et al.*, 2002). Countries land ownership can be communal/customary owned, state-owned, individual owned, or mixed: land ownership categories were discussed in Chapter 1 (Bruce, 1998; Crewett and Korf, 2008; Deininger *et al.*, 2012;

Obeng-Odoom, 2012; Cobbinah and Aboagye, 2017; Siiba *et al.*, 2018; Tura, 2018; Chigbu *et al.*, 2019; Fatema, 2019; Kalabamu, 2019; Cobbinah *et al.*, 2020; Ngango and Hong, 2021). These land groupings vary across countries depending on the policies and historical backgrounds to determine the system and type of land market. Although most developed countries have a competitive market system based on individualized land ownership, land development is not limited to demand and supply market forces (Qiu and Xu, 2017). Land markets are regulated to ensure the land use types (residential, commercial, and mixed) are separated and integrate private land uses with public ones (Rajack and Lall, 2009).

In the history of Ethiopia, all land markets have been subject to central government powers. From 1930–1974, the land ownership structure was abusive (Alemu, 2013), allocating land to the king's followers (Ambaye, 2013b). The largest beneficiaries were members of the feudal class and the Orthodox church (Alemu, 2013). Land was also given to government employees as a salary, where the formal land market was almost non-existence. This heavy oppression of peasants led to the imperial regime's downfall in 1974 and the emergence of the Derg regime. The regime change shifted the land from feudal ownership to public ownership under the socialist ideology (Crewett and Korf, 2008). Accordingly, the land market was legally prohibited during the Derg regime. In addition, the Derg nationalized all urban lands and extra houses. The nationalization of urban land affected the land market and narrowed the rights of landowners (Ambaye, 2012; Hailu, 2016).

After the fall of the Derg regime in May 1991, a transitional government led by the EPRDF continued the state ownership of land in the name of tenure security and prohibited the sale, exchange, and mortgage of land at an individual level (Crewett and Korf, 2008). Thus, before the commencement of land-use reform in 1993, there was no land market, and no urban land was sold as an article of trade. Instead, urban land use was based on national government-controlled land management in which land transactions were not permitted. This system has resulted in inefficient land use due to the lack of market mechanisms. Finally, the EPRDF government introduced a land lease market to address the inefficient land use (TGE, 1993).

The urban land lease market, which was forbidden during the Derg regime/military government, became a vital land allocation system for transactions in the country's urban areas. Proclamation no. 80/1993 was the first proclamation introduced to legalize the lease market (TGE, 1993). The land reform has introduced new development elements that have greatly enhanced dramatic urban



transformation in Ethiopia, which has been taken as a double process of land lease market (auction and allotment) and decentralization.

The decentralized urban land administration provides regional governments with more power and function to actively promote land markets that provide more economic incentives to municipalities and city administrations to meet their annual budgets (Wubneh, 2018). Regional governments and municipalities are primarily responsible for urban expansion and economic development in their respective territories. With the introduction of the market economy, the economic value of land has been gradually recognized in Ethiopia (Adamu, 2014). As a result, the demand for land has been rising, including foreign investors seeking land for their projects and rural-urban migrants looking for basic housing in the cities (Bayrau and Assefa, 2017).

As part of the decentralization process, municipal governments and city administrations have been empowered to manage urban land use centralized during the previous governments (Wubneh, 2018). Although the government still owns the land (including urban and rural land), an urban land lease market has been created in which land use rights have been treated in the market. However, it is not a completely free market as the government determines a benchmark price for the plots of urban land supplied for auction (FDRE, 2011; TNRS, 2012). The government is the sole urban land supplier for a fixed time, 99 years for residential housing, and 15 years for urban agriculture in any urban centre. The government separated lease time for Addis Ababa: 90 years for education, health, culture, and sports, 70 years for industry, 60 years for commerce, and 60 years for others (FDRE, 2011). Apart from this, other than Addis Ababa, regional and municipal governments can offer land leases of 99 years for education, health, culture, sports, 80 years for industry, 70 years for commerce, and 70 years for others (FDRE, 2011). When the market economy was started, the economic value of land was boosted over time in the country, and this increased demand for land.

#### 4.2.2 Theoretical Framework

Cities are complex entities that incorporate diversified actors and interests in the global North and South (MacLeod, 2011; Storper, 2016; O'Sullivan, 2019). The complex nature of cities has attracted several scholars such as Kilkenny and Thisse (1999); Malczewski (2009); Murray (2009); Hsu (2012); Mulligan *et al.* (2012); Kheir and Portnov (2016); Daniels (2017); Vionis and Papantoniou (2019); O'Sullivan (2019), amongst others, who studied the context of urban political economy. As a

result, several theories have been developed to examine the urban political economy. Two theories – location and central place theories – which share several variables are reviewed below, given their relevance to the context of this study.

The location theory is appropriate to this study. Economists assume geographic location as a determinant factor that affects firms, communities, and even nations' economic environment (Kilkenny and Thisse, 1999; Murray, 2009). This theory has also served as a central component of urban economic geography since its emergence, explaining the significance of location (Murray, 2009). The choice of business location depends on the resource endowment, demand for the product, spatial competition, and distance from the customers (Kilkenny and Thisse, 1999; Murray, 2009).

In the context of urban land value, private developers consider the availability of customers, basic infrastructures, economic efficiencies, and service providers to decide on the price of a specific plot (Kilkenny and Thisse, 1999). Businesses are always in competition for customers, therefore they locate a strategic place assuming that customers are on the street. On the other hand, residential locations are selected to maximize household utility in terms of goods, transport costs, and the marketplace (Kilkenny and Thisse, 1999). According to the location theory, plots closer to urban-industrial areas and customers are more expensive than those far from the centre. From this theory, it can be inferred that the distance of a parcel/plot of land, infrastructural expansions, the number of competitors, and land use type play a significant role in determining the price of a plot of land.

Like location theory, central place theory, which Walter Christaller formulated in 1933, is also appropriate for this study. The theory consists of sets of assumptions as to why hierarchically tiered centres are found in selected areas of the economy (Mulligan *et al.*, 2012). The central place theory aims to provide general rules for defining the location, hierarchy, role, and function of settlements in a terrestrial area (Hsu, 2012; Daniels, 2017).

In modern cities, employment is divided between Central Business District, Suburbs, and everywhere else (O'Sullivan, 2019). The central place theory predicts the distribution of services in an economy across geographic locations. The theory seeks to understand how different types of plots (varying in size and function) are found in the terrestrial space (Daniels, 2017). It stresses the role of consumers' demand as a key to location choice. Companies endeavour to reside in customer locations close to their markets to secure mutual advantages (Mulligan *et al.*, 2012). O'Sullivan (2019), in his book urban economics, argues that firms base their location decisions exclusively on access to

their consumers. To control the potential central places for business use, two economic parameters, namely: “the minimum level of demand necessary to support business activity and the maximum distance a consumer is willing to travel to purchase a good,” were accentuated (Malczewski, 2009, p. 127).

The central place theory has been recognized, elaborated, recycled, criticized, rejected, and revised several times (Mulligan *et al.*, 2012; O’Sullivan, 2019). Despite all the theoretical reviews, the most significant thing left in the land market is the aspect of ‘centrality’ in the hierarchy of plot areas within and across plot locations (Vionis and Papantoniou, 2019). Locations that supply the most goods and services are described as ‘Central Business Districts’, followed by ‘Transitional Zones’, while the lowest supply centres are ‘Sub-Urban Fringes’ (Vionis and Papantoniou, 2019). For central place theory, the price of land reflects the development condition of the plot, which extends from the Central Business District to Transitional Zone, and to the Sub-Urban Fringe, and prices decline exponentially with rising distance from the centre. In this regard, the most luxurious land is located near the centre of the city and in the Central Business District, while affordable land is located in the remote areas and Sub-Urban Fringes (Kheir and Portnov, 2016).

The location and central place theories are both important for this study because both focus on the role of ‘centrality’ in the hierarchies of plots for auction. The location and central place theories were used flexibly to include all the plot locations and plot grades in the study sub-cities. The theories were also used to explain the relationship between distance and the price of plots across the study period. What remains to be empirically examined is how these assumptions and key concepts shape the markup price of plots, which is the aim of this study.

### 4.2.3 Empirical Review

This section presents an empirical review of previous studies on the land market and land valuation aspect. Various studies have assessed the land market in association with various variables. For example, Boyang *et al.* (2014) assessed the association of land market policies with manufacturing geography in China and found that the patterns of new industrial areas in Beijing are enormous due to government land market policies. Xiong and Tan (2018), however, in their study on the effect of land supply on urban expansion, found that urban expansion in Yiwu City is affected by the natural setting, socio-economic status, neighbourhoods, accessibility, and spatial policies. However, while the time-cost to Central Business District (CBD) positively affects residential/commercial land, it

negatively affects industrial land.

Colsaet *et al.* (2018) found that urban expansion is not only the mere result of demand and supply of land but is also affected by land policies. Like in Ethiopia and many other SSA countries, land supply in China has been tightly controlled by the government and comparably fixed for a period (Wubneh, 2018; Xiong and Tan, 2018). For instance, Ethiopia and China share some similarities with socialist ideologies of land policies, especially land ownership, land use, and land lease market (Yang *et al.*, 2015; Wubneh, 2018). However, while Ethiopia uses winning price and bidders down payment to screen winners of a plot of land, China uses winning price and bidder's financial capability and reputation. According to Colsaet *et al.* (2018), population and income growth, increased transport accessibility, and subsidies encouraging land consumption and automobile use increase land take in China, while restrictive land-use planning, grants aiming at urban revitalization, infrastructure pricing, and the development of inner-city public transportation decrease land take.

Studies that assessed the relationship between land market and tenure security in Africa found that secure ownership rights and unlimited land markets can create efficiency and equity benefits to potential buyers (Holden and Otsuka, 2014). Consistent with this, a study by Wineman and Liverpool-Tasie (2017) on the distributional implications of land markets in north-western Tanzania found that the local land market, known for its wide participation, increases land distribution across beneficiaries. However, while the land market at the individual level is permitted in Tanzania (Wineman and Liverpool-Tasie, 2017), the government of Ethiopia is the sole seller of the land. Individuals can only sell the built property, not the land itself in Ethiopia (Crewett and Korf, 2008; Wubneh, 2018).

Apart from the relationship between land supply, urban expansion, and tenure security, several studies in the literature have considered possible determinant factors associated with markup prices of land in different countries and are perhaps supply- or demand-driven or both. The supply-driven factors are related to the availability of serviced land, where the government land-use policies determine the number of plots per lease round (Du *et al.*, 2011; Yang *et al.*, 2015; Combes *et al.*, 2019). Authors like Du *et al.* (2011); Yang *et al.* (2015) found that the existing land policies in China have, since 2004, empowered the municipal government to be the only supplier of land, which enables them to control land supply and thereby help land developers to acquire land-use rights at

an appropriate competition level in the market.

Several studies demonstrated that socio-economic factors such as income, infrastructure, an increase in population and net migration, environmental concerns, social and neighbourhood status affect the housing market (Kabba and Li, 2011; Ma and Liu, 2013; Kheir and Portnov, 2016; Qu *et al.*, 2020). The findings by Ma and Liu (2013); Qu *et al.* (2020) also demonstrate that an improvement in the plot grade and distance to the transportation centre impacts the price of land. Relevant to this study, scholars such as Jaeger (2013); Ding and Zhao (2014); Bayrau and Assefa (2017); Wineman and Liverpool-Tasie (2017); Gedal and Ellen (2018); Malaitham *et al.* (2020) reported that the location of the plots, income, development condition of a plot, and distance from the centre all contribute to determining the price of land.

Given the importance of Mekelle City to serve as an industrial development centre and commercial hub of northern Ethiopia, this study concerns land parcel transactions in Mekelle in tender auctions. Therefore, assessing auction prices across auction periods is a theoretically interesting gap and critical for understanding the impact of Ethiopian government interventions in the land market. It aims to examine how the urban land lease market dynamics respond to the inherent challenges of urban land demand and supply. It provides insights into the determinants of the urban land lease market from both the demand and supply side from empirical evidence gathered at Mekelle City, Ethiopia. Figure 4.1 illustrates the framework for this study.

As illustrated in Figure 4.1, the land is the collective possession of the nations, nationalities, and peoples of Ethiopia and is owned by the state on behalf of the public (FDRE, 1995). The rural area is a terrestrial one placed exterior to the regional and *Woreda*/District government's municipalities. In contrast, the peri-urban areas are a hinterland near the rural areas where legal and illegal land transactions occur. Municipalities allocate land to diverse groups on a lease and allotment basis (FDRE, 2011). This study examined the determinants of the urban land lease market from the demand and supply side. Consequently, the following hypotheses were developed.

**H0:** Markup price has no association with plot size; plot payment completion period; bidder monthly income; distance in kilometer; base price; down payment; land use type; plot grade; plot location; plot auction period; sex and land auction period.

**H1:** Markup price has an association with plot size; plot payment completion period; bidder monthly income; distance in kilometer; base price; down payment; land use type; plot grade; plot

location; plot auction period; sex and land auction period.

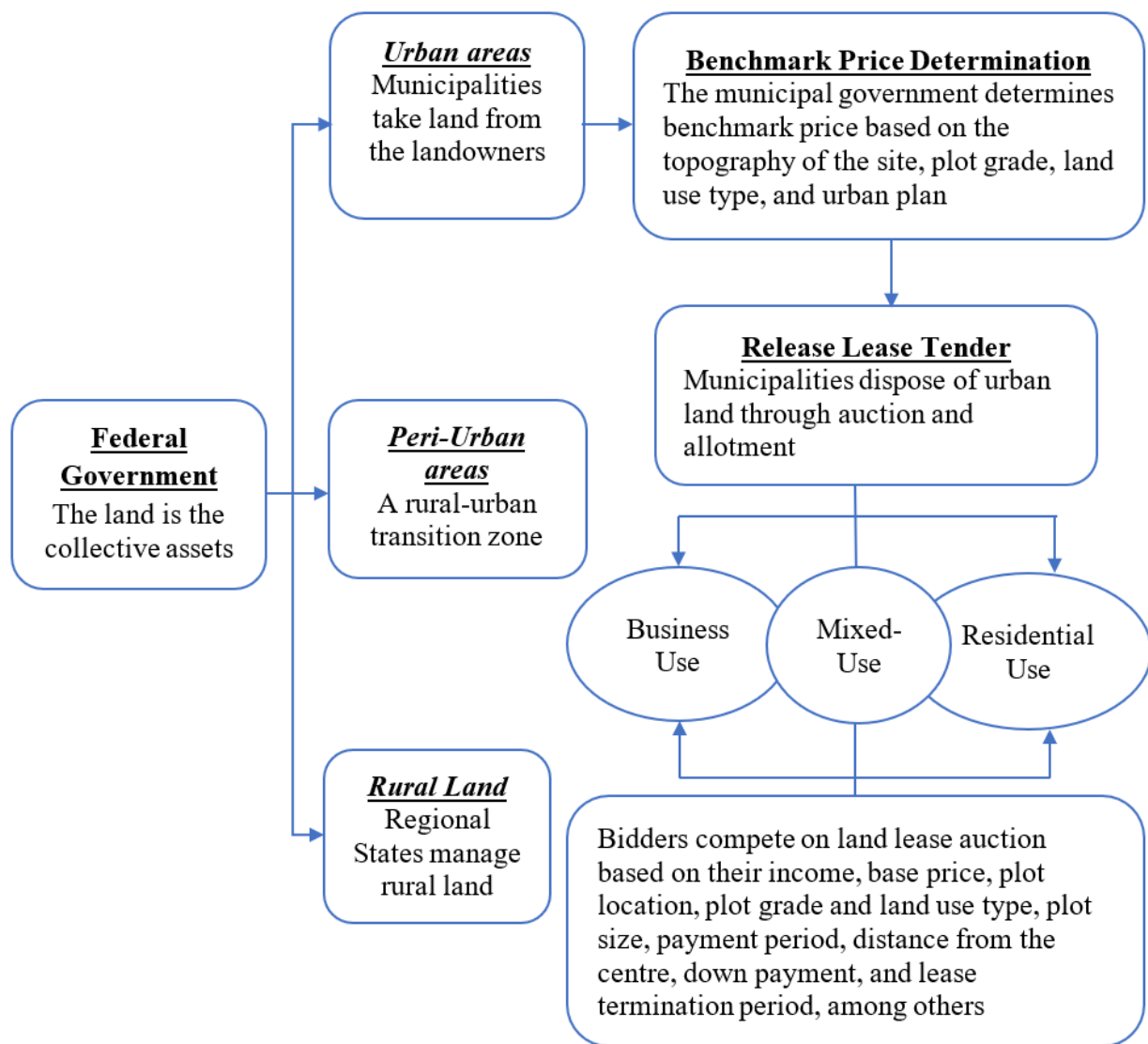


Figure 4.1: A framework to assess urban land market dynamics

### 4.3 Research Methodology

A nomothetic methodology with a standardized and quantitative method of data analysis was adopted for this specific study. Burrell and Morgan (2019) suggested that social science scholars utilize a nomothetic methodology if their research protocol and technique test a hypothesis based on scientific rigour. The hypothesis was verified under systematic precision.

### 4.3.1 Model Specification

The pooled OLS regression model was used to examine the determinants of markup price in urban land. The model has become an essential tool that has been utilized by several authors, for example, Pope and Pope (2012); Bayrau and Assefa (2017); Wineman and Liverpool-Tasie (2017); Tran and Vu (2019), amongst others to estimate the price of land. Thus, the model can be specified as follows:

$$Yt_i = \beta_0 + \beta_1(Xt)_i + (t\varepsilon)_i \quad (4.1)$$

where:

$Y_i$  denotes the markup price of the urban land (dependent variable) for the  $i^{th}$  bidder and stands for regression intercept and regression coefficient estimates (parameters),

$\beta_0$  and  $\beta_1$  stands for regression intercept and regression coefficient estimates (parameters)

$X_i$  signifies the vector of the predictor variables,

$t_i$  Denotes the land auction period in years and stands for the disturbance term,

The OLS regression model, equation [4.1], for the markup price can be rewritten:

$$\begin{aligned} \ln MP_i = & \beta_0 + \beta_1 baseprice_i + \beta_2 plotsize_i + \beta_3 plotlocation_i + \beta_4 plotgrade_i + \beta_5 income_i \\ & + \beta_6 paymentperiod_i + \beta_7 distance_i + \beta_8 downpayment_i + \beta_9 leaseperiod_i \\ & + \beta_{10} landusetype_i + \beta_{11} sex_i + \beta_{12} landauctionperiod_i + \varepsilon_i \end{aligned} \quad (4.2)$$

### 4.3.2 Definition and Measurement of Variables

The markup price was considered a dependent variable, computed by the number of payments that bidders offered for a plot measured in Ethiopian Birr<sup>2</sup> minus the base price of the plot. The markup price per urban plot was transformed into a natural logarithm. Hence, the transformed variable (lnMarkup price) was utilized as the outcome variable, while various categorical and continuous

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<sup>2</sup>Birr is the nomenclature for Ethiopian currency. As of September 2020, 1 USD is Birr 44.1.

variables were also employed as explanatory variables, as illustrated in Table 4.1.

Table 4.1: Description and definition of variables included in the regression analysis

Variables	Description
Markup price	Markup price obtained by the amount that bidders offered for a plot minus the base price of the plot, which is measured in Ethiopian <i>Birr</i> ( <i>Eth Birr</i> )
Plot Size	The size of the plot is measured in $m^2$
Payment Period	A continuous variable indicating land lease payment completion period measured in years
Bidders Monthly Income	The monthly income of the bidders measured in <i>Eth Birr</i>
Distance	The distance of plots to the centre of the city measured in kilometres
Base Price	The base price of the plot per meter square of land measured in <i>Eth Birr</i> , which the city administration provides
Down Payment	Down payment measured in <i>Eth Birr</i> , which is an initial payment offered by bidders with a minimum threshold of 20 percent of its total price
Land-use Type	A dummy variable demonstrating land use type (business = 0, used as a reference category, residential = 1)
Plot Grade	A dummy variable indicating a plot grade (poor condition, middle, and relatively better development condition) (Transitional zones (grade 2) = 0, used as a reference category, Central Business District (grade 1) = 1 and Sub-urban fringes (grade 3) = 2)
Plot Location	A dummy variable representing a plot location in the sub-cities (Quiha = 0, used as a reference category; Adi-Haki = 1; Ayder = 2; Hawelti = 3; Semien = 4; Hadnet = 5)
Lease Period	A dummy variable representing the lease termination period (70 years = 0, used as a reference category; 99 years = 1)
Sex	A binary variable representing the gender of bidders (Female = 0, used as a reference category; male = 1)
Plot Auction Period	A dummy variable representing the plot auction period (2014 = 0, used as a reference category; 2015 = 1; 2016 = 2; 2017 = 3; 2018 = 4; 2019 = 5)

### 4.3.3 Data Source and Sample Selection

This study considers plot in  $m^2$  as a unit of analysis and computes urban land lease markets for a sample plot auction period. This study utilized secondary data sourced from Mekelle municipality for the plot auction period from 2014 to 2019 to address this objective. This study utilized 2,335 plots, of which the most significant 72 percent (1,671) were auctioned to residential urban land lease users, while the remaining 28 percent (664) comprised business urban land lease users. The



lease round period dataset facilitates the establishment and aggregate data of the price of urban land per square metre for a given plot.

#### 4.3.4 Methods of Data Analyses

Regarding the statistical analysis, descriptive and inferential analysis methods were employed to analyze the data. All data arithmetic analyses were computed using Stata version 16. It commenced with descriptive statistics followed by linear regression analysis. Descriptive analysis was employed to assess markup price, base price, plot size, down payment, bidder monthly income, payment period, and distance. Descriptive analysis was utilized to compare the markup price across land-use type, plot location, plot grade, sex, and plot auction period. Likewise, the trend of demand and supply for urban land lease across plot auction period, trends in plots prepared for auction and sold across plot auction period, trends in average markup price, and base price across the plot auction period were examined. Most importantly, linear regression was used to explore the determinants of the markup price.

### 4.4 Results

Ethiopian urban land lease proclamation no. 721/2011 empowers regional states and city administrations to allocate urban land for different purposes through auction or allotment ([FDRE, 2011](#)). Accordingly, Mekelle City municipality established land development and management processes to auction plots of urban land prepared for various activities ([TNRS, 2012](#)). The municipality, based on the topography of the site, its economic, social and administrative infrastructure, and urban plan determines the benchmark price of a specific site of a plot ([TNRS, 2012](#)). The office releases the plots of urban land for auction at the municipality's base price. The bidders submit their willingness to pay for a particular plot in a closed envelope. Finally, "the highest bidder shall be declared a winner based on his/her bid price and the amount of down payment he/she offers" ([FDRE, 2011](#), p. 6228).

#### 4.4.1 Descriptive Statistics

Table [4.2](#) illustrates the summary statistics of the continuous variables. The mean price of a plot in square metres is 13,124.79 *Eth Birr* with a standard deviation of 9,187.67, while the mean base price of a plot in a square metre is 637.27 *Eth Birr* with a standard deviation of 205.64 *Eth Birr*.

The price per square metre and the base price is significant to estimate a plot's markup price. The markup price is computed by the amount bidders offer for a plot minus the base price. On average, bidders are willing to pay 12,487.52 *Eth Birr* per square metre with a standard deviation of 9,166.01 *Eth Birr*. However, the gap between the minimum and maximum is 39,050 *Eth Birr*, which dispersed the distribution. In this case, the median value of the markup price per square metre of a plot, 10,614 *Eth Birr*, was considered for discussion.

Table 4.2: Descriptive statistics of continuous

Variables	Obs	Mean	Std. Dev.	Median	Min	Max
Price of a plot/ $m^2$	2,335	13,124.79	9,187.67	11,221	701	40121
Base Price of a plot/ $m^2$	2,335	637.27	205.64	539	250	1876
Markup Price of a plot/ $m^2$	2,335	12,487.52	9,166.01	10,614	95	39,145
Plot Size in $m^2$	2,335	268	150	250	108	2528
Monthly Income	2,335	68,902	41,882	68,900	10,000	199897
Distance in km	2,335	3.81	2.01	2	1	8
Down Payment in percent	2,335	20.33	0.26	20.40	20	20.6
Payment Period in years	2,335	44	9	50	20	50

As can be seen in Table 4.2, the mean plot size in Mekelle City is 268 metre square with a standard deviation of 150-metre square. The median plot size demonstrates 250 square metre, which is the physical mid of the plots auctioned. Table 4.2 illustrates that, on average, bidders who won plots earn 68,902 *Eth Birr* monthly. The average distance of a plot from the centre is 3.81km. Bidders travel a minimum of 1 km and a maximum of 8 km to arrive at the centre. The average down payment of a plot per square metre is 20.33 percent. In other words, on average, bidders initially pay 20.33 percent of the total price of a plot per square metre. The average payment completion period of a land lease is 44 years. The payment completion period is included in the bidder's lease holding certificate (FDRE, 2011; TNRS, 2012).

Table 4.3 presents the summary statistics of the proportional differences in land lease distribution across land-use types (business and residential use). Out of the total 2,335 plots transferred to bidders, approximately 71 percent (1,671) were auctioned for residential use, while the remaining 28 percent (664) were auctioned for business use. This result indicates that more plots were provided for residential purposes than for business utilization.

Table 4.3: Summary of the descriptive statistics for categorical variables

Variable list	Group Variable	N	Mean	Std. Dev.	Median	Min	Max
Land use type	Business	664	13,020.4	9,130.9	11,894	196	38,095
	Residential	1,671	12,275.8	9,174.1	9,959	95	39,145
	CBD	230	13,237.4	9,551.0	12,897	196	39,145
Plot grade	TZ	689	12,278.8	9,095.5	10,192	96	39,136
	SUR	1,416	2,666.28	9,176.1	11,244	95	39,115
	Quiha	152	11,865.9	9,125.0	8,954	465	37,895
	Hadnet	680	12,318.1	9,286.1	9,711	196	39,115
	Semien	308	12,408.4	8,879.8	10,997	324	35,144
Plot Location	Hawelti	608	12,338.8	9,149.2	9,778	144	37,514
	Ayder	500	13,132.7	9,215.1	12,352	95	39,145
	Adi-Haki	87	12,509.7	9,197.8	8,95	594	38,994
Lease Period	70 years	664	13,020.4	9,130.9	11,894	196	38,095
	99 years	1,671	12,275.8	9,174.1	9,959	95	39,145
Sex	male	1,920	12,275.8	9,174.1	9,959	95	39,145
	female	415	12,444	9,314.1	10,508	144	37,895
Plot auction period	2014	187	2,461.4	1,300.7	2,361	144	6,907.9
	2015	290	3,169.98	1,503.1	3,145	95	9,394.1
	2016	466	5,091.5	1,901.7	4,739	576	12,962
	2017	400	11,257.1	4,619.6	11,227	1,951	36,024
	2018	664	19,526.2	6,119.7	19,059	4,406	36,147
	2019	328	24,200.9	6,090.2	24,394	3,754	39,145

**Note:** Central Business District (CBD)= Grade 1; Transitional Zone (TZ)= Grade 2; Sub-Urban Fringe (SUR)= Grade 3

As shown in Table 4.3, the 644 plots categorized under business use were auctioned on an average markup price of 13,020.38 *Eth Birr*, while the 1,671 plots categorized under residential use were auctioned on an average markup price of 12,275.77 *Eth Birr*, comparing the markup price across the land use type. Hence, on average, the markup price of urban plots auctioned for business use is 744.61.24 *Eth Birr*, higher than urban land auctioned for residential use.

The largest urban land lease, 60.64 percent (1,416) of the plots was found under plot Grade 3 (SUR), followed by 29.50 percent (689) plots categorized under Grade 2 (TZ), while the lowest 9.85 percent (230) plots were categorized under Grade 1 (CBD). In other words, most of the plots of land were auctioned without fulfilling the necessary economic, social, and administrative infrastructures because plots under the SUR category are considered lower in standard. On average, the largest markup price of the urban land lease was found under plot grade 1 (CBD) with a mean of 13,237.37 *Eth Birr*. The lowest markup price was found in SUR with a mean of 2,666 *Eth Birr* (see Table 4.3).

Table 4.3 also describes urban land lease locations across the plot auction period. The highest

markup price of the urban land lease was in Ayder (13,132.67 *Eth Birr*), followed by Adi-Haki (12,509.65 *Eth Birr*) and Semien (12,408.38 *Eth Birr*), while the lowest markup price was in Quiha (11,865.99 *Eth Birr*). The average plot numbers supplied by Hadnet sub-city were 680 throughout the plot auction period, followed by Hawelti and Ayder, 608 and 500, respectively. Semien and Quiha contributed a few plots – 380 and 87, respectively. Bidders were more likely to pay a premium for plots in Ayder and Adi-Haki because both sub-cities are relatively developed in terms of infrastructure and are close to the centre, while Quiha is comparatively less developed and further from the centre than other plot locations.

Of the total 2,335 plots transferred to bidders, more (1,920 – 82.23 percent) were won by male bidders than by female bidders (415 – 17.77 percent). Comparing the markup price across gender, the 1,920 male bidders paid on average a markup price of 12,496.92 *Eth Birr*, while the 415 female bidders paid on average a markup price of 12,444.02 *Eth Birr*. Hence, male bidders paid on average 52.9 *Eth Birr* more than female bidders.

Table 4.3 also illustrates the summary statistics of the proportional differences in the number of plots supplied across the plot auction period (from 2014–2019). Out of the total 2,335 plots transferred to bidders, the highest number of plots were supplied during 2018, 2016, and 2017 with 664, 466 and 400 plots respectively. Comparing the markup price across the plot auction period, the average markup price increased at an accumulative rate across all plot auction periods.

Figure 4.2 illustrates the trends of demand and supply for urban land across the plot auction period (2014-2019). In the context of this study, the sum of urban land supply refers to all the plots being made available for auction. In contrast, the sum of urban land demand refers to the total number of bidders participating in tender/auction.

As indicated in Figure 4.2, the demand for urban land surpasses the land supply. This variation is valid across all plot auction periods. The number of competitors increased significantly after 2016, while land supply has demonstrated a continuous decline except in 2018. In other words, on average, from 30 to 38 bidders compete for a single plot of land in Mekelle City.

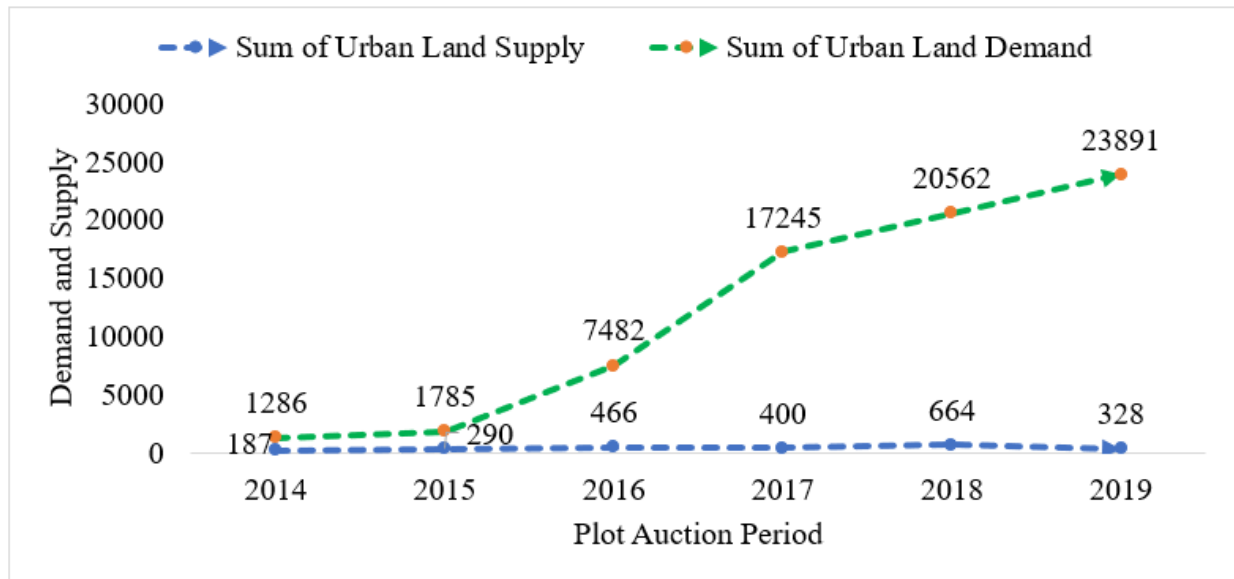


Figure 4.2: Trends of demand and supply for urban land across plot auction period

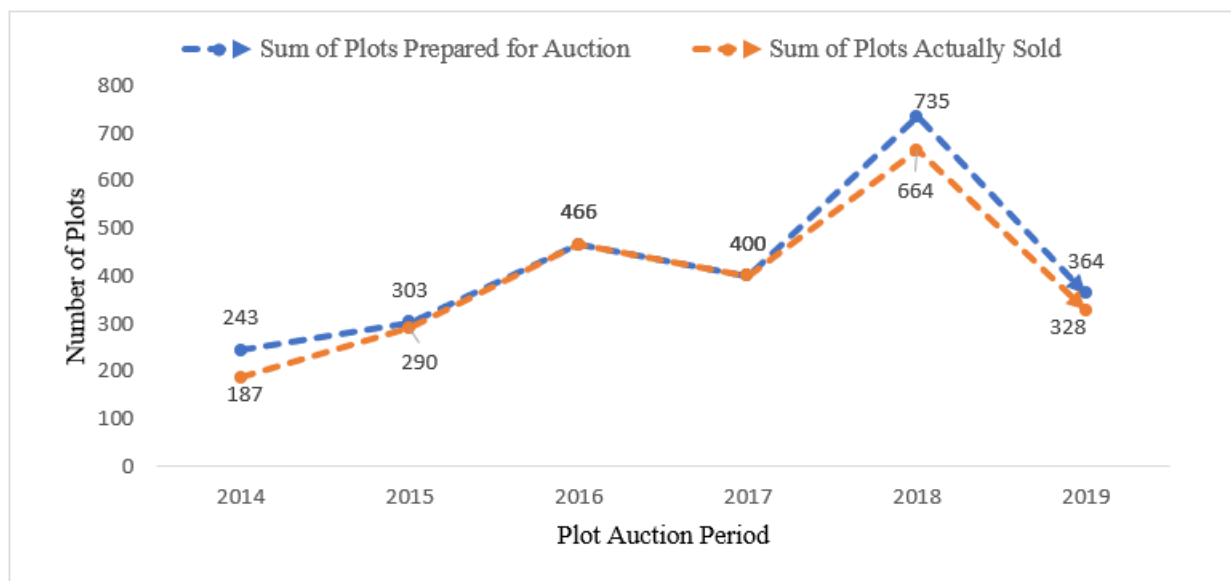


Figure 4.3: Trends of urban land lease plots across plot auction period

Figure 4.3 illustrates the number of urban plots supplied for lease tender and leased during the sample plot auction period. Except in 2016 and 2017, not all urban plots supplied by the municipality were sold at the first plot auction period. Although the demand for land outstrips the supply, plots did not auction at their first plot auction period.

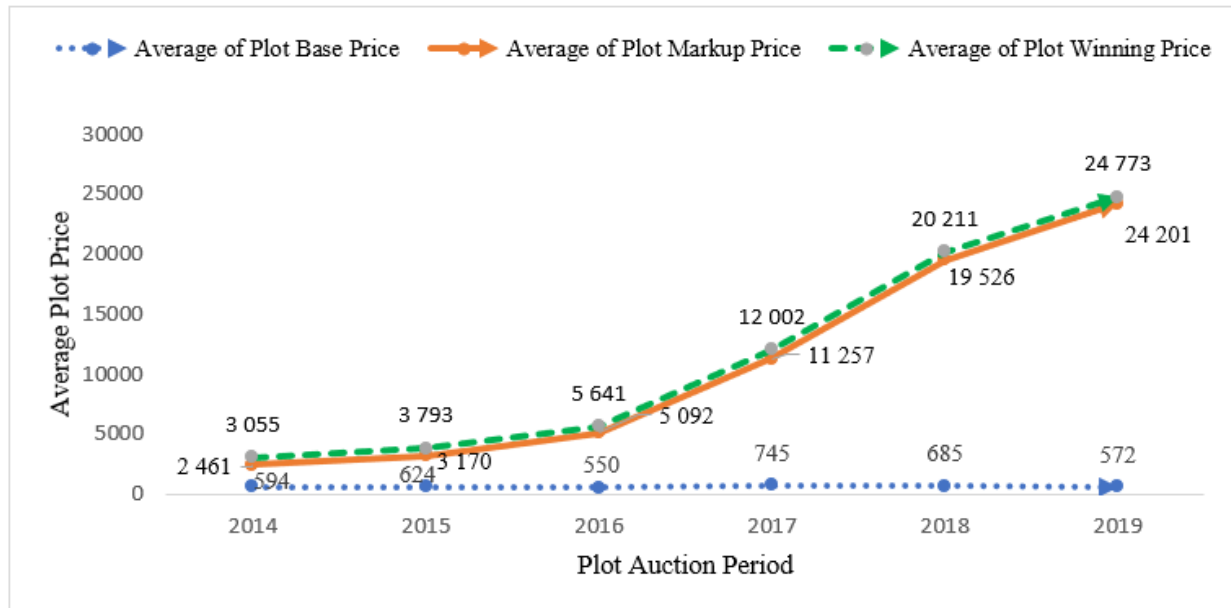


Figure 4.4: Average base, markup, and winning price across the year

Figure 4.4 illustrates the gap between the average markup price and base price across the urban land auction period. Accordingly, the trend of the average markup price per square metre increased steadily across all plot auction periods while the average plot base price decreased persistently from 2017 to 2019. Figure 4.4 also shows that the plot-winning price trend demonstrates an increasing trend, causing the markup price to also show an increasing trend. In other words, the municipality's revenue increased from lease round to lease round not because of the base price but because of the bidder's willingness to pay a premium for the plots.

#### 4.4.2 Main Empirical Findings

Table 4.4 illustrates the estimation outcomes for the determinant factors of the markup price. A positive sign of the estimated regression coefficients reveals a positive relationship between the outcome and predictor variables, while a negative sign indicates the opposite. Robustness test were carried out to check how the regression coefficient estimates behave (see Table G.1, G.2, and

Figure G.1). To mitigate the effect of heteroscedasticity, the markup price per urban plot was transformed into a natural logarithm. Therefore, the transformed variable (lnMarkup price) was utilized as a dependent variable. The result of the R-squared demonstrates that the predictor variables explained 60 percent of the variations of the markup price (outcome variable).

Table 4.4: Estimated results of OLS model

lnMarkup price	Coef.	Std. Err.	$P >  t $	[95% Conf. Interval]
Plot Size	.000401***	.0001079	0.000	[.0001894 .0006126]
Payment Period	.0049866***	.0016364	0.002	[.0017777 .0081955]
lnBidders Monthly Income	.0569639***	.0197928	0.004	[.0181504 .0957774]
Distance	-.0123602**	.0060517	0.041	[-.0242274 -.000493]
Base Price	-.0002178	.0002322	0.348	[-.0006731 .0002375]
Down Payment	.0727821	.0635684	0.252	[-.0518749 .1974391]
Land Use Type (ref.= Business use)				
Residential use	1.603766***	.0299426	0.000	[1.545049 1.662483]
Plot Grade (ref.= Transitional Zone)				
Central Business District (CBD)	.0571036**	.0282593	0.043	[.0016874 .1125198]
Sub-Urban Fringe	-.0827206*	.0470808	0.079	[-.1750456 .0096044]
Plot Location (ref.= Quiha)				
Ayder	.1289387**	.0629731	0.041	[.0054492 .2524282]
Hawelti	.1698289**	.0681965	0.013	[.0360963 .3035615]
Semien	.1036344	.0638406	0.105	[-.0215563 .2288251]
Hadnet	.1003073	.0656136	0.126	[-.0283604 .2289749]
Adi-Haki	.1928742**	.0810342	0.017	[.033967 .3517814]
Lease Period (ref.= 70 years)				
99 years	.0420305	.0273285	0.124	[-.0115604 .0956215]
Sex (ref.= Female)				
Male	-.0100304	.0336682	0.766	[-.0760534 .0559925]
Plot Auction Period (ref.= 2014)				
2015	.0763916	.0496606	0.124	[-.0209925 .1737756]
2016	.0513409	.0492467	0.297	[-.0452313 .1479132]
2017	.0472559	.0463595	0.308	[-.0436547 .1479132]
2018	.102464**	.0449641	0.023	[.0142898 .1906382]
2019	.0976823**	.0442836	0.027	[.0108425 .1845221]
cons	5.327703***	1.247457	0.000	[2.881451 7.773954]
Obs= 2,335 R-squared = 0.5989 F (21, 2313) = 161.07 Prob > F = 0.0000 Root MSE = .59514				

**Note:** i) ref. = denotes base reference; ii) (\*), (\*\*), and (\*\*\*) denote significance at 10, 5, and 1 percent levels, respectively

The regression analysis findings show that the plot size associated positively with the markup price per plot. An increase in 1 square metre in the size of a plot led to a 0.04 percent increase in the average markup price of the plot, while holding other determinants of the urban land lease fixed.

Similarly, the lease payment period affected the markup price per plot positively and significantly, while other factors of the urban land lease remained constant. The markup price per plot increased by 0.5 percent for each additional year of the lease payment period.

The estimation results show that the bidders' average monthly income associates positively with the markup price per plot, while other factors remained constant. On average, a 1 percent increase in bidders' monthly income increased the markup price per plot by 0.056 percent while holding the other determinants of the urban land lease constant.

The plot grade was among the main determinant factors allied with the urban land lease markup price. To this end, compared to plot Grade 2 (TZ), plots grouped under plot Grade 1 (CBD) increased the markup price per square metre by 5.57 percent while other determinants remained constant.

The regression analysis indicated that residential land use increases the markup prices per plot by 160.34 percent compared to business land use, while other factors remain constant. This variation demonstrates that the municipality collects more revenue from plots auctioned for residential use than business use. Plot location was among the critical determinant factors associated with the urban land lease markup price: compared to the urban land plots in the Quiha sub-city, the markup price per plot for urban land lease plots in Ayder, Hawelti, and Adi-Haki sub-cities increased by 12.89, 16.98, and 19.28 percent respectively while holding the other determinants of the markup price fixed. The plot auction period affects the markup price significantly: compared to urban land lease plots auctioned in 2014, the markup price increased by 10 percent and 9.76 percent respectively for those auctioned in 2018 and 2019.

The results of this study show that the distance of the plots to the centre of the city associated negatively with the markup price of the urban land lease. An increase of 1 kilometre distance of the plot from the centre decreased the markup price of the urban land lease by 1.2 percent, while the other factors remained constant. Buyers paid a premium for a plot closer to the city centre, but less for plots further from the centre. The regression analysis showed that the suburban fringes (plot Grade 3) decrease the markup price of the urban land lease by 8.27 percent compared to transition zones (plot Grade 2) while other factors remained constant. Among the variables included in the regression analysis, base price, down payment, lease period, and sex of the buyers were not statistically significant with the markup price.



## 4.5 Discussion

The present study fills the gap vis-à-vis the dynamics of the urban land lease market. Attention has been paid to the urban land lease market determinants in Mekelle City, Ethiopia. To the best of my knowledge the study is the first to assess the supply and demand-driven factors associated with plot markup price in the Ethiopian context. The regression analysis results revealed substantial differences in the estimated coefficients of all regressed determinant factors associated with plot markup price.

The descriptive statistics suggest that the markup price offered by bidders varies across land-use type, plot location, grade, and plot auction period. The number of urban plots demanded was higher than those of the quantity supplied (see Figure 4.2). As a result, the land lease price has steadily increased from one lease round to the next lease round in Mekelle. In line with the present study's findings, Belete (2017) found that land lease prices in Addis Ababa have increased from one round to the next. The same trend has been found in Chinese cities during 2007–2012 (Qin *et al.*, 2016). On the other hand, the number of the plots provided in Mekelle was not sold in its first bid round (see Figure 4.3). Statistically speaking, on average, 176 (8 percent) of the plots were not sold at the first bid period. This result demonstrates that bidders are not concluding a contract and taking the land they have won. In line with the present study's findings, Bayrau and Bekele (2007); Bayrau and Assefa (2017) found that a considerable percentage of the available plots provided for lease by the municipality was not continuously leased in each bidding round.

A question can be raised: if there is unmet demand, why were plots not sold at the first bid round? This phenomenon may be because land speculators/brokers distorted the land lease market. Urban speculators bid a higher price for the plot of land and won. The speculators knew that the only cash they would lose if they failed to enter a contract with the municipal office to start construction would be the Compulsory Payment Order (CPO), which is 5% of the land lease benchmark price multiplied by the plot size. The speculators agree secretly with the second/third-ranked bidder and offer them more money than the CPO. If the speculator does not agree with either the second or third bidder and if both second and third bidders fail to afford the price, then the plot would be worthless. Because speculators gamble urban land bids, the municipality is compelled for a second and possibly a third-round tender. As Adamu (2014) showed, the 721/2011 Urban Land Lease Proclamation was issued to discourage land speculators/brokers, but the action of land speculation

and corruption are deteriorating in Addis Ababa. Bayrau and Assefa (2017) developed a similar argument and said that Ethiopia's absence of a market-oriented lease system exposed land lease to speculation where few urban speculators and brokers benefit from it. From these findings, one can conclude that no means had been placed in the land lease holding proclamation as a provision to achieve the goal of discouraging land speculators/brokers. Thus, the current price of urban land may not reflect the actual value of the land, which is against the basic principle of the 721/2011 Urban Land Lease Proclamation.

The study found that both supply and demand-driven factors are associated with plot markup price. These results indicate that the OLS model can adequately explain the urban land lease market and can be used to identify the determinants of markup price and to distinguish the variation between them (see Table 4.4). The model predicts strong relationships with other studies (Bayrau and Bekele, 2007; Kabba and Li, 2011; Jaeger, 2013; Koroso *et al.*, 2013; Kuang *et al.*, 2014; Qin *et al.*, 2016; Bayrau and Assefa, 2017; Belete, 2017; Xiong and Tan, 2018; Yuan *et al.*, 2019; Malaitham *et al.*, 2020; Feng, 2020). It has provided comparable results in terms of the estimated coefficient signs and, to some extent, their magnitudes, verifying the robustness of the findings. A discussion of the association between supply and demand-driven factors and plot markup price in line with the previous results follows.

This study found that urban plot size positively and strongly associated with markup price in Mekelle land lease auctions. The finding of this study is in line with some other earlier studies in Ethiopia (Bayrau and Assefa, 2017) and China (Yuan *et al.*, 2019). Bayrau and Assefa (2017) found a significant and positive association between plot size and land value using the OLS model. Although the present study's findings and the results from the studies of Bayrau and Assefa (2017) found a significant and positive association between plot size and land value in different capital cities, the magnitude varies. While it has a strong effect at a 1 percent significance level in Mekelle City, it has a modest effect at a 5 percent significance level in Addis Ababa. Yuan *et al.* (2019) examined the dynamics of urban land prices in Transitional China using OLS model. The authors found a similar result with the present study's findings and claimed that land size positively correlates with urban land prices at a 1 percent significance level (Yuan *et al.*, 2019). One of the main reasons for the significant and positive association with plot size and markup price is that two people (in one person's name) bid at the highest lease price and split after winning and a contract is signed.

Thus, the markup price/willingness to pay increases by the plot size, inferring that bidder paid a premium for larger plots.

Another critical determinant factor associated with the markup price of the urban land was the lease payment completion period. An increase in the payment period resulted in an increased markup price of the leased urban land. The finding of this study is in line with an earlier study in Ethiopia ([Bayrau and Assefa, 2017](#)) and the land lease regulation of Tigray National Regional State ([TNRS, 2012](#)). [Bayrau and Assefa \(2017\)](#) indicated that the lease payment completion period is associated with the markup price of the urban land lease tender. As shown in the Tigray National Regional State regulation no. 56/2012, bidders can pay their lease debt for a plot for up to 50 years ([TNRS, 2012](#)). Hence, due to the extended payment period prescribed by the regulation, bidders pay a premium price for a plot of urban land, implying that the municipality is making money by extending the lease payment completion period. The implication of this finding is twofold. First, it helps the poor to pay 20% of the total markup price and then to pay the rest slowly over 50 years. Second, it helps the rich community to pay 20% of the total markup price and have the chance to spend the remaining 80% of their money on another investment and pay off their debt in 50 years. Therefore, having an extended payment completion period opens an opportunity for inclusive urban land use.

Most importantly, this study's detailed regression analysis results indicated a positive and strong association between the monthly income of a bidder and subsequent urban land prices during the lease period in Mekelle City. The finding of this study is consistent with some other earlier studies in China ([Feng, 2020](#)), Sierra Leone ([Kabba and Li, 2011](#)), and California ([Jaeger, 2013](#)). [Feng \(2020\)](#) examined China's housing prices determinants during 2003–2016 using the OLS model. Although the housing market and land lease market for residential use are slightly different, the regression analysis results show similar results with the present study's findings. Previous studies from Sierra Leone support the positive and strong association between income and urban land price that the price of land increases with the increase of individual income ([Kabba and Li, 2011](#)). [Jaeger \(2013\)](#) confirms a positive correlation between income and land prices, suggesting that income is a determinant factor of land price in California (closed cities). Although the land market policies of Ethiopia, Sierra Leone, and California are different, the results show similarities. Whether the similarities are coincidence, or the land market policies of those countries have no significant

impact on the association between the monthly income of a bidder and subsequent urban land prices, requires additional studies. Thus, the buyers' income determines their willingness to pay, indicating that an increase in income will increase the markup price.

The detailed regression analysis of the findings of this study indicated a significant association between distance and markup price. It found that the distance from the centre of Mekelle City to the plot location was one of the major determining factors negatively associated with the markup price of the land. The findings of the present study are consistent with the main conclusions of [Jaeger \(2013\)](#) (USA), [Kuang \*et al.\* \(2014\)](#) (China and USA), [Qin \*et al.\* \(2016\)](#) (China), [Malaitham \*et al.\* \(2020\)](#) (Thailand). [Jaeger \(2013\)](#) examined the determinants of the urban land market outcomes in California (both closed city and open city) and found that a plot's remoteness and the bidder's willingness to pay for a particular plot had an inverse relationship. [Kuang \*et al.\* \(2014\)](#) found a similar result in Chinese megacities (Beijing, Shanghai, and Guangzhou) and US megacities (Chicago, Los Angeles, and New York), in which distance is inversely related with CBDs. [Qin \*et al.\* \(2016\)](#) investigated the distribution of urban land prices in China and showed similar results, in which the price of urban land decreased with an increase in the distance to the CBD. [Malaitham \*et al.\* \(2020\)](#) found an inverse relationship between the distance from accessibility to major roads and land price. Thus, the further the bidders travel from a city centre to where the urban plot is located, the lower the markup price of the urban land, and when a plot is closer to the centre of the city, the number of competitors increases, and the markup price of the plot rises, notwithstanding the benchmark price.

The present study's findings identified that the land use type (residential and urban business uses) played a crucial role in explaining the markup price in Mekelle City. It found that residential land use associated positively and significantly with the markup price of a plot. The studies that support the findings of this study were conducted in China ([Koroso \*et al.\*, 2013](#); [Kuang \*et al.\*, 2014](#); [Qin \*et al.\*, 2016](#); [Xiong and Tan, 2018](#); [Yuan \*et al.\*, 2019](#)). After running OLS regression to assess the distribution of urban land prices in urban China for the land lease period from 2007–2012, [Qin \*et al.\* \(2016\)](#) found a positive relationship between the unit land price for each land type (residential, industrial, and commercial land transactions) with the association becoming stronger in 2012. Similarly, [Yuan \*et al.\* \(2019\)](#) applied the OLS regression model to examine the dynamics of urban land prices in Transitional China and revealed that the residential land use

type is associated with the markup price of land. [Xiong and Tan \(2018\)](#) examined the effect of land supply structure on urban expansion in Yiwu City and found that land prices have a positive and significant correlation with residential land leases, indicating that local governments tend to lease residential land at a higher price to increase fiscal revenue. [Kuang \*et al.\* \(2014\)](#) claimed that residential land use occupies the core of Chinese megacities. As in Ethiopia, urban land in China is in the hands of the government, where municipalities in both countries are de facto owners of urban land ([Koroso \*et al.\*, 2013](#)). However, the level of administrative control and regulation varies across municipalities in both countries. The implication of the strong association between residential land use and land lease price is that there is massive unmet demand for residential housing compared to supply in Mekelle City.

Another critical determinant factor associated with the markup price was the plot location. The present study found that plot location associated positively and significantly with the markup price of the land. The finding of this study is in line with some other earlier studies in Ethiopia ([Bayrau and Assefa, 2017](#)) and China ([Yuan \*et al.\*, 2019](#)). [Yuan \*et al.\* \(2019\)](#) reported that the location of plots is associated positively with the markup price at a 1 percent significance level. [Bayrau and Assefa \(2017\)](#) found a positive and significant association between land price and plots located in Addis Ketema, Lideta, and Arada sub-cities at a 5 percent significance level. The present study's findings and [Bayrau and Assefa \(2017\)](#) earlier study show that not all plot locations are significant. For example, four sub-cities out of six are significant in Mekelle, while three sub-cities out of ten are significant in Addis Ababa. Hence, a question can be raised: why are some plot locations significant while others are not? This phenomenon may be because of the relative development of the sub-cities. In Mekelle City, sub-cities such as Ayder, Hawelti, and Adi-Haki have shown positive and significant associations. In addition, in Addis Ababa City Sub-Cities, Addis Ketema, Lideta, and Arada sub-cities have also shown positive and significant associations ([Bayrau and Assefa, 2017](#)). The backgrounds of these sub-cities show that they are centrally located, have good infrastructure, and are close to various administrative and social services. It can thus be concluded that municipalities and city administrations collect more revenue from the plots leased in infrastructurally developed locations.

This study's findings are consistent with the criteria set by the federal government and Tigray National Regional State, which assigns a higher benchmark price for plots with relatively better

development conditions (FDRE, 2011; TNRS, 2012). In other words, the city collects more revenue from plots grouped under CBDs (see Table 4.4). Studies that support the findings of this study are Belete (2017) in Ethiopia, Qin *et al.* (2016) in China, Kabba and Li (2011) in Sierra Leone, and Malaitham *et al.* (2020) in Thailand. Consistent with these findings, Belete (2017) claimed that land price in Addis Ababa is strongly and positively associated with plot quality expressed by land grade. Qin *et al.* (2016) ran OLS regressions to assess the distribution of urban land prices in urban China for the land lease period from 2007–2012, and found a positive relationship between the unit land price and plot grade, where the higher class of land is associated with a higher price premium. Yuan *et al.* (2019) found that land grade positively correlates with urban land prices at a 1 percent significance level. Kabba and Li (2011) claimed that land values in Sierra Leone increase with the average increase in the level of plot grade (better infrastructure and services. Malaitham *et al.* (2020, p. 7) applied OLS models to assess metropolitan area market values in Bangkok, Thailand, and found a direct relationship between accessibility such as (“closeness to the city centre, shopping malls, expressway ramps”) and land price. Thus, urban plots with relatively better access to physical and administrative infrastructure services had a higher markup price than urban plots with relatively poor access to essential infrastructure services. The findings of the studies mentioned above have significant policy implications, and clearly show the importance of improving the plot grade. As indicated in Table 4.3, only 9.85 percent (230) out of the total 2,335 plots were categorized in the CBD. This figure shows that Mekelle municipality did not collect higher revenue from the auctioned plots because of the undeveloped nature of 90 percent of the plots auctioned.

Another determinant factor associated with markup price is the plot auction period. The last two plot auction periods (2018 and 2019) were associated positively with the markup price of urban land. On average, 45 bidders competed per plot in both land-use types in the last two plot auction periods. This number is four times higher than the number of bidders per plot in Addis Ababa, the capital city of Ethiopia (Bayrau and Assefa, 2017). The study conducted by Bayrau and Assefa (2017) found that the average number of bidders per plot in Addis Ababa ranged from 10 to 12. One of the reasons for the increase in the number of competitors in Mekelle is political unrest. Ethiopia has faced ethnic-based pandemonium since the end of 2017. Mekelle City (the capital city of the Tigray National Regional State, one of the ten National Regional States of Ethiopia) is relatively peaceful and attracted domestic and foreign investors’ interest before the war in October

2020. Consequently, the Tigrayans are targeted increasingly because of their ethnic association with the Tigray Peoples Liberation Front (TPLF), which officially separated from the incumbent political party. This political unrest led to the displacement of many Tigrayans from all aspects of the country. Consequently, many Tigrayans who have been displaced from all corners of Ethiopia to Mekelle have been allowed to compete for leases, leading to an increase in competitors in Mekelle.

#### **4.6 Conclusions and Policy Implications**

This study examines the dynamics of the urban land lease market in Ethiopia. The concept, theoretical, and empirical prescriptive of land urban land market reviewed in this study was vital to identify the variables to the inherent challenges of urban land demand and supply. The location and central place theories were vital for this study in identifying the predictor variables to markup price. An alternative methodology was applied in the study, where the determinants of urban land lease price were examined using pooled OLS. The findings of this study supported the theoretical and empirical reviewed literature positively.

Mekelle City has been undertaking an unprecedented urbanization process since 1993, in which substantial parcels of rural land were converted to urban use. This rapid urbanization has generated intensified supply- and demand-driven challenges for public policy. From the supply side, converting land from rural to urban areas through fair compensation to landowners to provide optimum urban land plots for auction as per the existing demand is an enormous challenge. From the demand side, getting land to be auctioned fairly, preventing land auction from being dominated by land speculators, and using urban land as a source of government revenue is challenging.

Although whether the land lease price rise in Mekelle results from a free-market system or reflects the political economy itself requires research, the main findings of this study show that land prices are increasing, while supply is declining from time to time. Many plots were not sold at the first bid round, due to land speculation. Apart from the minimal supply of urban land, speculators distort the land lease market.

This study revealed that plots grouped under the CBD and categorized under residential land use type play a significant role in determining the price of a piece of land. The plot size and extended payment completion period have significantly increased the price for a particular plot of land. With a high demand for housing in Mekelle, urban land auctioned for residential use was strongly

associated with the markup price. This finding is equally true of plot location. Plots located in infrastructurally developed sub-cities had a positive and significant association with the increased price of urban land. Moreover, the municipality makes more money from the plots grouped under CBD and plots near the city than under SUR. Plots located further from the city centre contributed an insignificant amount to municipal revenue. Based on the findings of this study, the following policy implications are suggested.

1. The positive and significant association between a bidder's monthly income and markup price, and the non-significant association between the base price and markup price have significant policy implications. The policy implication in this regard is that the municipality is earning revenue not because it determined the base price but because of the bidder's increasing monthly income. The gap between the winning price and the benchmark price is insignificant and makes benchmark price an add-on with no practical impact on the markup price. Hence, the Federal Government and Tigray National Regional State Government should amend their legislation to remove the benchmark/base price from the land lease legislation to help the economic forces (demand and supply) determine the lease price of urban land.
2. The positive and significant association between plot grade and plot location with markup price has another policy implication, which is that by improving the quality of the plots in terms of economic, social, administrative, and physical infrastructures, it is possible to collect more revenue. It would also offer a win-win result for both the bidder and the municipality. Hence, the municipality should enhance the physical and administrative infrastructure to increase its revenue and enhance bidder/customer satisfaction.
3. According to the study, the low CPO is contributing to land speculation. First, since this CPO is included in federal and regional legislation, the Federal and Tigray National Regional governments should make a modest increase in CPO through extensive research. Second, no matter how good a policy is, it will have no effect beyond rhetoric without good governance and public support. Thus, the municipality, in collaboration with the community, should control land speculation and address the governance failures.



## CHAPTER 5

# THE RHETORIC AND PRAXIS OF ETHIOPIAN URBAN LAND POLICIES

This is a published paper in the African Journal of Public Affairs, 2021, 12(3), 127–151.

### 5.1 Introduction

Land is the most fundamental factor of the urban and regional economy (Stilwell, 2007). It lies at the heart of people's economic, social, and political lives (ECA, 2010). Its governance, market, ownership, and policies shape the development and distribution of its economic fruits. Although the land is a natural gift, its private seizure creates not only opportunities for individual gain but also diverse societal problems, including conflicts and political instability (Stilwell, 2007).

Urban land policy is part of a country's overall urban development policy that can be seen in the comprehensive development framework (Ogedengbe, 2017). As a result, land policy reform has been prominent in the development discourses of developing countries to achieve urban expansion, economic development, political stability, social cohesion, and environmental sustainability (Obeng-Odoom, 2012; Lambini *et al.*, 2016; Han *et al.*, 2020). This policy reform aims to mobilize the benefits of land in a given country for social and economic development (Ogedengbe, 2017).

Even decades after political independence, many African countries<sup>1</sup> still struggle to have context-specific urban land policy reforms (Burns, 2007; IFAD, 2008; Deininger *et al.*, 2012; Obeng-Odoom, 2012; Cobbinah and Aboagye, 2017; Klopp and Petretta, 2017; Jehling *et al.*, 2018; Siiba *et al.*, 2018; Kalabamu, 2019; Cobbinah *et al.*, 2020). Those countries did not inherit sound political and administrative systems while attaining freedom from the colonial powers (Thornhill, 2020). Several of the countries mentioned in the footnote have experienced intense modifications in land policies (Macedo, 2008; Jehling *et al.*, 2018). However, the systems have been observed to overlap and contradict national and local legislation and customs that negatively affect communities' rights to use, control, and transfer land (IFAD, 2008; Kalabamu, 2019). The land legislation of these countries was challenged by short-term thinking in policy formulation (Klopp and Petretta, 2017).

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<sup>1</sup>Botswana, Democratic Republic of Congo (DRC), Ethiopia, Ghana, Kenya, Rwanda, South Africa, Tanzania, Zambia and Zimbabwe are among the African countries still struggle to have context-specific urban land policy reforms.

Implementation was another challenge whereby a high level of informality, lack of the utilization of endogenous potentials, the dearth of good governance, and lack of cohesive land administration institutions negatively affected the land policy (Burns, 2007; Deininger *et al.*, 2012).

Ethiopia is a developing country, and although it is one of the least urbanized countries globally, its urban population is increasing (Admasu, 2015) and this is causing an exceptionally rapid increase in urban land demand. The political and economic crisis that encircled Ethiopia until 1991 and the rapid increase in urban land demand post-1991 pressured the Ethiopian People's Revolutionary Democratic Front (EPRDF) government to introduce urban land reform in 1993. Then, the 1995 FDRE Constitution (FDRE, 1995) and urban land proclamations, including Proclamation no. 80/1993 (TGE, 1993), Proclamation no. 272/2002 (FDRE, 2002), and Proclamation no. 721/2011 (FDRE, 2011), were legislated to address the economic and political crisis in land governance and promote sustainable urban land administration.

Given that land is one of the main components of the urban and regional economy, there is substantial academic attention to the historical development and paradigm of urban land policies in Ethiopia, which addressed the effect of the legislation on economic development, financial contribution, the participation of institutional actors in the formulation of this legislation, and decentralization of power among stakeholders (Crewett and Korf, 2008; Deininger *et al.*, 2012; Tekle, 2012; Alemie *et al.*, 2015c; Wubneh, 2018; Taffa *et al.*, 2019) among others. These studies found that the overlapping responsibilities among various institutions, administrative deficiencies, and weak stakeholder participation in the policymaking process (especially at the lower level), and capacity constraints affected land administration policies in Ethiopia. The current situation of Ethiopian cities shows that many land-related problems are arising from land use, allocation, development, and land ownership (Wubneh, 2018).

Although an appropriate land use legislation that accommodates majority sections of people, if not all, is required to enhance the acceptability and durability of legislation, the existing literature does not provide adequate evidence of how federal and Tigray National Regional urban land legislation complement each other and accommodate the principles of fairness and efficiency in rhetoric and praxis. Thus, this study appraises the rhetoric and praxis of Ethiopia's federal and regional urban land legislation using Mekelle City as a demonstration/case. It reviews the external congruence of the urban land administration legislation with the federal and regional constitutions, evaluates

the internal harmony among the urban land administration legislation, evaluates the rhetoric of the political discourses of fairness and efficiency, and critically explores the praxis of the political discourses of fairness and efficiency. In the context of this study, land policies and land legislation are used interchangeably.

This chapter is organized into seven sections. Section 5.1 presents the study's introduction, aim, and contributions, followed by the Section 5.2 brief evolution of urban land policies in Ethiopia. Section 5.3 presents the study's literature review of the study. Section 5.4 outlines the study's methodology, followed by Section 5.5 that examines the rhetoric and praxis of the Ethiopian urban land policies. Section 5.6 comprises the concluding remarks, followed by sections Section 5.7 and Section 5.8 that present the policy implications and limitations of the study.

## **5.2 Brief Evolution of Urban Land Policies in Ethiopia**

Ethiopia is a developing country, and although it is one of the least urbanized countries globally, its urban population growth increased from 11.4 percent in 1984 to 19.4 percent in 2015 ([Admasu, 2015](#)). Until 1974, the country was ruled by a monarchical system, during which several feudal lords dominated land. The royal ownership of land continued until the fall of the monarchical regime in 1974 ([Wubneh, 2018](#)). Unfair land tenure practices, small group land acquisition, and land insecurity were barriers to land productivity. However, when the military regime assumed power in 1974, land in Ethiopia became state property as enacted in the Public Ownership of Rural Lands Proclamation No. 31/1975 ([PDRE, 1975b](#)) and Urban Land and Extra Houses Proclamation No. 47/1975 ([PDRE, 1975a](#)). Those proclamations legalized state ownership and prohibited selling, leasing, inheriting, renting, and transferring urban land by private individuals.

EPRDF then removed the military regime and assumed state power in 1991 ([Adamu, 2014](#)). Unlike the previous regime, the current administration has implemented improved policies on urban land use. As a result, in March 1991, most of the restrictions on land other than buying and selling were relaxed to address the past mistakes of the imperial regime related to land use and the lapses of the Derg regime related to tenure security.

The EPRDF government declared public land ownership to save the poor from being removed from their land ([Wubneh, 2018](#)). The critical government intervention in this regard was the urban land lease proclamation no. 80/1993 in December 1993 to allocate urban land for various uses. The

intervention was intended to create “equitable urban land distribution, ensuring tenure security by providing land rights of longer duration, alleviating the housing shortage, controlling the growth of cities, promoting their economic development through involvement of investors, and increasing urban revenue” (TGE, 1993, p. 1). However, the policy was criticized for its failure to indicate the modalities of delivering urban land leases and its ineffectiveness in revenue collection (FDRE, 2002). Furthermore, given that it was enacted before the endorsement of the Constitution, Proclamation no. 80/1993 had no legal recognition by the 1995 FDRE Constitution.

The 1995 FDRE Constitution, which is the fundamental law of land ownership and administration in Ethiopia, guides public ownership of land. The constitution empowers the federal government to enact laws for the conservation and utilization of land. As stipulated in Article 40(3), “the right to ownership of rural and urban land, as well of all natural resources, is exclusively vested in the State and in the peoples of Ethiopia. Land is a common property of the Nations, Nationalities, and Peoples of Ethiopia and shall not be subject to sale or to other means of exchange” (FDRE, 1995, p. 14). Article 89(5) stipulates that “Government has the duty to hold on behalf of the People, land and other natural resources and to deploy them for their common benefit and development”. The 1995 FDRE Constitution and urban land proclamations, including Proclamation no. 80/1993, Proclamation no. 272/2002, and Proclamation no. 721/2011, were legislated to address the economic and political crisis in land governance pre-1991 and to promote sustainable urban land administration. Tigray National Regional State has the constitution, enacted in Urban Land Regulation no. 76/2012 and Urban Land Lease Directive no. 05/2014 to govern it. In principle, regional legislation does not contravene federal laws.

### **5.3 Literature Review**

This section discusses the theoretical and empirical foundations of policymaking and implementation. Those theoretical and empirical foundations were utilized as a guide to investigating the rhetoric and praxis of Ethiopia’s urban land policies.

### 5.3.1 Theoretical Perspectives of Policymaking

This section appraises the theoretical perspectives of policymaking<sup>2</sup> and its relevance to the context of urban land administration. Since the 1970s, research on policymaking has been a burning discourse among political scientists (Paudel, 2009) and public policy academics to establish a more concrete approach to policy implementation (Wegrich, 2016). The concept of policymaking is characterized by a shared system of decision-making grounded on multifaceted linkages of actors belonging to the State, the private sector, and communities to transform decisions into the operational level to achieve policy verdicts (Meter and Horn, 1975; Hall, 2009; Dool *et al.*, 2015). Authoritative decisions are the starting point in policymaking in which politicians, top-level bureaucratic executives, and other centrally located actors generate desired effects (Sabatier, 1986). As argued by Elmore (1978), an authoritative decision needs four fundamental and interrelated mechanisms to execute effectively:

*“The first mechanism is drawing specified tasks and objectives that accurately reflect the intent of the policy. Second, for successfully implementing the functions and goals, a management plan that allocates tasks and performance standards to sub units is vital. Third, an objective means of measuring the performance of the subunits is required to figure out their actual status. Fourth, a system of management controls and appropriate sanctions is crucial to hold subordinates accountable for their performance”* (Elmore, 1978, p. 195).

The historical background of research on policymaking marked by the advent of the top-down approach was developed by Jeffrey Pressman and Aaron Wildavsky, the founding father of implementation studies (Sabatier and Mazmanian, 1983; Pressman and Wildavsky, 1984; Hill and Hupe, 2003; Conteh, 2011). According to the top-down approach, centrally located actors are the most crucial actors to generate the desired effects of policy (Imamura, 2015). It is based on the despotic standpoint in that the centrally located actors are the source of the policy and the decision-making process is considered as vertical (Dale, 2000).

To implement the policy goals, the scholars of the top-down approach advise the centrally located actors to make a clear and consistent policy, minimize the number of actors, and limit the extent of policy change (Meter and Horn, 1975; Sabatier and Mazmanian, 1983; Pressman and Wildavsky,

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<sup>2</sup>Policymaking in the context of this study refers to the different phases of the policymaking process from problem/issue identification, agenda-setting, policy formulation, policy implementation, and policy evaluation.

1984; Sabatier, 1986). The approach considers street bureaucrats as sources of challenges to successful policy implementation. In this case, the proponents of top-down approach suggest that the centrally located actors control the street bureaucrats (Matland, 1995; Imamura, 2015). However, the top-down approach was criticized for being excessively undemocratic and mechanistic (Conteh, 2011). This approach also failed to operationalize and pinpoint the critical variables affecting policy implementation.

The second approach to policymaking is the bottom-up approach. This approach was initially developed by Elmore (1978), who is known as the father of the bottom-up policymaking approach. He accentuated the significance of street bureaucrats, local governments, and public participation in policymaking and implementation (Hill and Hupe, 2003). According to the bottom-up approach, policy implementation occurs at the ‘macro implementation level’ (Berman, 1978). This ‘macro implementation level’ implies that the centrally located actors devise a government policy, while street bureaucrats react to the government policy generated at the centre, develop their programs, and implement these accordingly (Imamura, 2015). The existence of contextual factors at the micro implementation level leads to variations in the implementation of the national policy, which entails that centrally located actors should not control the process of policy implementation. Moreover, the lack of freedom of street bureaucrats to adapt their program to the local conditions may fail to implement policy.

The bottom-up theorists asserted that developing one standard and context-free policy is not only tricky but also unrealistic. Specific policy effectiveness depends on local capacity and the determination of the local leaders. However, the bottom-up approach is criticized for underestimating the centrally located actors’ role in delivering necessary resources and underscoring the high degree of a local decision in implementing a policy (Matland, 1995; Imamura, 2015).

The third approach of policymaking is the hybrid/syntheses of the top-down and bottom-up approaches. This hybrid system was also developed by Elmore (1979). Although he was the early designer of the bottom-up approach, he synthesized the two approaches and developed the hybrid approach using ‘backward mapping’. According to this approach, policymakers would enact a policy based on the nature of target groups to achieve both the central and local goals/visions (Elmore, 1979). Elmore defined the idea of backward mapping as:

*“backward reasoning from the individual and organizational choices that are the hub of the problem to*

*which the policy is addressed, to the rules, procedures, and structures that have the closest proximity to those choices, to the policy instruments available to affect those things, and hence to feasible policy objectives” (Elmore, 1979, p. 604).*

Scholars of the hybrid approach argue that centrally located actors would design a policy instrument based on the incentive structure of the target groups. This approach accommodates the interests of the centrally located actors and the target population in policymaking. Scholars of the hybrid approach assume a ‘policy action continuum’ (Imamura, 2015), which encompasses modification and conversion of policy into regulations, directives, and procedures.

From the three policymaking approaches, one can infer that there is no unique, universally accepted, and best approach to policymaking. Policymaking depends on the structure of the State, a system of government, the network of the institutional background, the nature of the policy setting, and the magnitude of conflict over policy goals. This policymaking requires deciding on an appropriate approach that fits the specific context. Ethiopia currently practises and supports decentralized land administration in this vein, which specifies powers into the several tiers of government: federal, regional, Zones, district (Woredas), and sub-district governments (kebeles)<sup>3</sup>.

The study revealed that a hybrid approach of policymaking explains urban land legislation making and implementation in Ethiopia. All the tiers of the administration have autonomous and concurrent powers depending on their level. The federal government designs firm policy objectives with detailed means and ends schemes with explicit criteria to evaluate the policy at each stage, while the regional governments formulate their respective Regulation and Directive related to land issues. In urban land administration, the municipal government describes a set of operations that ensures modification.

Forward and backward mapping plays a crucial role in successful policy implementation. By using the knowledge and experiences of the local level governments and the target population, the federal government would acquire a practical and accurate tool rather than the initially chosen policy/legislation. By using the federal government’s general policy/legislation as an initiative, local governments would draw their program and implement it accordingly. In this respect, the hybrid approach was considered a theoretical framework because it explains urban land legislation and implementation in Ethiopia well.

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<sup>3</sup>Zones, Woredas, and Kebeles are district, and sub-district governments

### 5.3.2 Empirical Review of the Urban Land Policies

Given that land is the main component of people's economic, political, and social life, the literature on land reform policies has continued to flourish. The ongoing adaptation to land reform raises interest in assessing the effects of policy changes in land administration. As a result, the body of literature has indicated that the existing urban land policy remains exclusive of those affected by hasty urbanization ([Robin and Acuto, 2018](#)).

The current discursive political openings encapsulated in the SDGs suggest new politico-technical agendas that address weak governance and systematic discrimination of different classes ([Simone and Pieterse, 2017](#)). This focus can assist in comprehending the link between modern global urban land policies and urban land administration, relating to the formulation of all-inclusive land policies. Concomitantly, the advent of a global urban agenda needs localization of SDG goal 11 in relation to urban land questions ([Robin and Acuto, 2018](#)). In this regard, national and local politics have to inspire the execution of global urban land policy, otherwise the global land policies will become nothing more than rhetoric ([Parnell, 2016](#)). As a result, some researchers have explored how the national and local politics of developing countries could facilitate 'fit-for-purpose' land administration ([Crewett and Korf, 2008](#); [Deininger \*et al.\*, 2012](#); [Obeng-Odoom, 2012](#); [Bennett and Alemie, 2016](#); [Ege, 2017](#); [Chimhowu, 2019](#); [Kalabamu, 2019](#)). Concerning this contest, the work of authors such as [Deininger \*et al.\* \(2012\)](#); [Obeng-Odoom \(2012\)](#); [Chimhowu \(2019\)](#); [Kalabamu \(2019\)](#) is particularly insightful as it shows that urban land policies need to be studied concurrently with rhetoric and practice.

Thus, for example, the empirical studies on the postcolonial land reform confirmed that land is exploited in several SSA countries due to unfair competition for land, market uncertainty, corruption, and exclusion of the poor ([UN-Habitat, 2008](#); [Deininger \*et al.\*, 2012](#); [Bennett and Alemie, 2016](#)). Indeed, as stressed by [Obeng-Odoom \(2012\)](#); [Kalabamu \(2019\)](#), most land reforms in African countries were found to have a paradox with the customary Acts. To this end, [Robin and Acuto \(2018\)](#) have insisted on enacting context-specific land policies to enlighten the design of all-inclusive urban land governance and localizing macro targets such as SDG goal 11 through collaborations with local stakeholders to make them applicable to local social and political situations.

Despite the role that municipalities are required to perform in transforming the urban economy, several authors, including [Obeng-Odoom \(2012\)](#); [Bennett and Alemie \(2016\)](#); [Kalabamu \(2019\)](#),



have emphasized that local governments of African countries are ill-planned to keep up with the policy demands. Undeniably, the need for policy-related understanding at the local level and the lack of stakeholder integration across multiple sectors have been emphasized repeatedly. For instance, [Bennett and Alemie \(2016\)](#) explicitly urged national governments to enact context-specific land policy at every government level to track and monitor progress towards implementing fit-for-purpose land administration. However, apart from the ill-preparation of local governments, the grand policies of many African countries are challenging in practice ([Obeng-Odoom, 2012](#)). There is one fact behind the challenges: as argued by [Obeng-Odoom \(2012\)](#); [Kalabamu \(2019\)](#), the prior land policies of the colonial time influenced the early postcolonial tenure systems and have been observed to have overlap and contradict national and local laws, customs, and regulations that negatively affect the communities' rights to use, control, and transfer land ([IFAD, 2008](#); [Kalabamu, 2019](#)). The asymmetry of legal and customary rights of these countries led to land tenure insecurity and land-based conflicts ([Kalabamu, 2019](#)).

Overall, the previous studies assessed the characteristics and institutional design of African countries' urban land policy reform paradigm. Specific attention has been given to tenure security in pre- and post-certification of land ownership. However, this study focused on the rhetoric and praxis of Ethiopian urban land policies. Figure 5.1 illustrates the frameworks for appraising the rhetoric and praxis of urban land policy and its influence on its durability.

Figure 5.1 reveals the current structure of the urban land lease legislation. The FDRE Constitution and the Proclamation no. 721/2011 have distributed the power of administering urban land to the regional states ([FDRE, 1995, 2011](#)). The regional constitution empowers the municipalities to allocate land for different purposes through lease and allotment without violating federal laws ([TNRS, 2006](#)). This system of allotment indicates an external congruence of the urban land legislation with the constitution. The federal and regional urban land legislation was reviewed to establish external and internal congruence and clarify its tendency towards fairness and efficiency in the rhetoric and practice. Their level of congruence affects the durability of the legislation.

Efficiency is one school of thought that argues that the free market and privatization of landholding enhances land productivity and allows landowners to access the loan using the land as collateral. Fairness is an opposing argument of efficiency. It holds that government intervention and ownership in landholding achieve social equity and tenure security. These schools of thought determine the

feasibility of the legislation on the ground. In this regard, the feasibility of the legislation determines its acceptability. Acceptability is measured in terms of clients' satisfaction due to the intervention of the lease legislation. Acceptability of the legislation determines its durability, which is the capability of the legislation to remain functional without requiring extensive modification or change to the regular operation over its design lifetime.

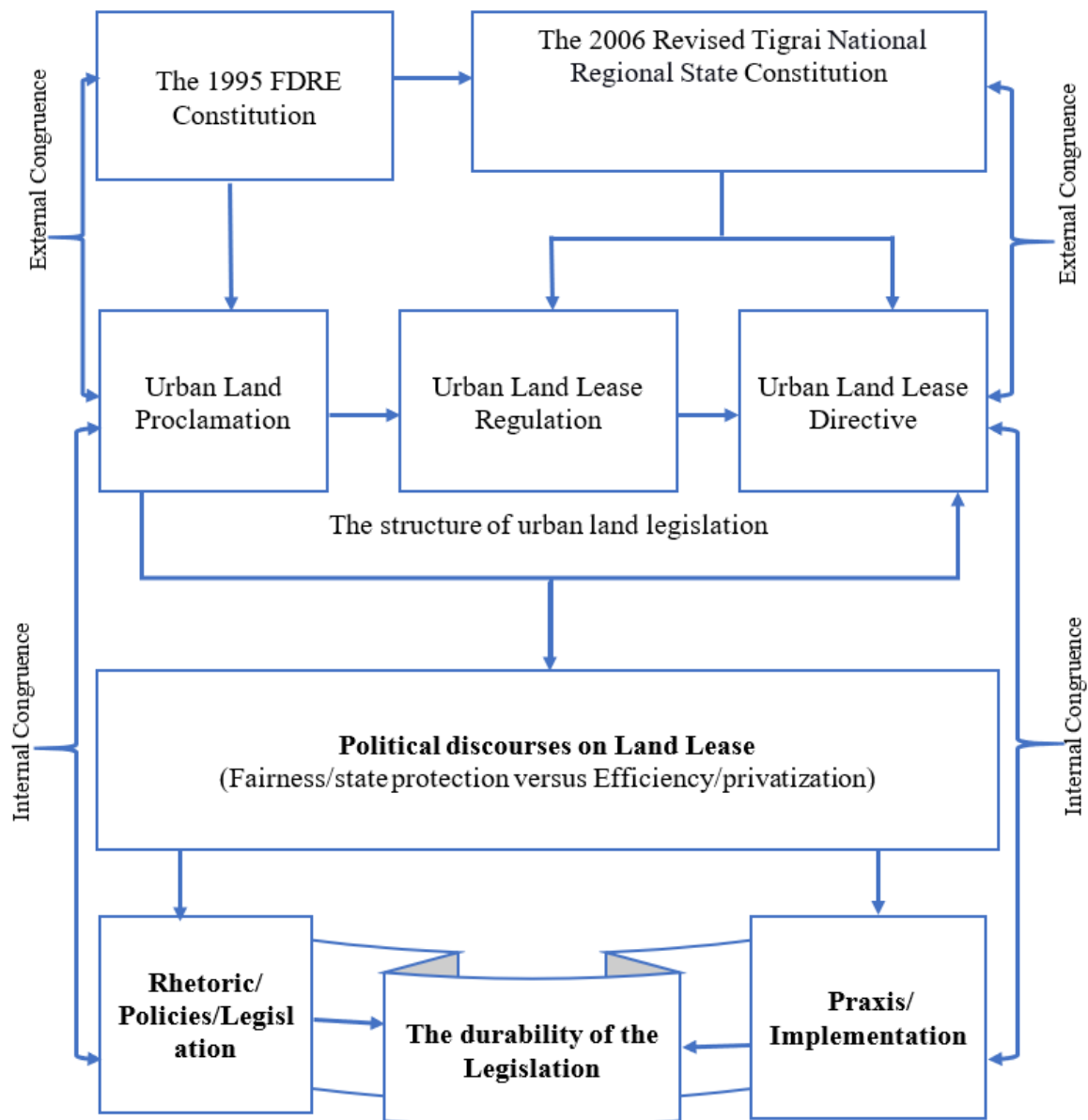


Figure 5.1: A framework for appraising urban land policies

## 5.4 Research Methodology

The Ethiopian urban land lease legislation comprises several policy statements. In this study, this legislation was reviewed from a rhetoric and practice perspective. A fusion of case study research design and desk review were employed to examine the rhetoric and praxis of the federal and Tigray National Regional State urban land legislation. The research approach for this study is based on the critical policy discourse analysis approach. Critical policy discourse analysis in the context of this study is a problem-oriented approach based on internal communication and criticism among policies and legislation. The rationale for using critical policy discourse analysis in this specific study is that the Ethiopian urban land legislation comprises several policy declarations at various tiers of the government that call for inter-textual analysis of the land lease legislation. [Evans-Agnew \*et al.\* \(2016\)](#) argued that critical policy discourse analysis is utilized as a methodology, whereby researchers examine whether policies encourage or hinder social transformation.

Thus, the discourse analyses how text elements are congruent to each other, how well they congruently build up the whole legislation, how the text is intended to influence the regulated practice, and how it succeeds in complying with the overall urban land administration goal. This type of discourse analysis is qualitative and interpretive to inform the inter-textual meanings and their congruence level ([Karlsson \*et al.\*, 2017](#); [Burrell and Morgan, 2019](#)). [Creswell \(2014\)](#) argued that the qualitative approach is appropriate when the study's objective is to explore a situation, which is also the aim of this study.

### 5.4.1 Research design and Data Sources

This study comprises a case study design, where Mekelle City was chosen as a demonstrative case. Located in Tigray National Regional State, Mekelle City is the third-largest city in Ethiopia, after Addis Ababa and Dire Dawa, with a population of 215,546 in 2020 ([World Population Review, 2020](#)). The city was selected for two reasons. First, it is among the fast-expanding cities converting massive rural land to urban land ([Fenta \*et al.\*, 2017](#)). Second, it is among the federal government's chosen cities to serve as an industrial development centre in the second Growth and Transformation Plan (GTP) period to transform the country into an industry-led economy, where land is the main element of the urban economy. As a result, examining how the land lease legislation is practiced to achieve sustainable land administration is imperative.

In this study, both primary and secondary sources of data were utilized. The urban land administration legislation comprises two federal-level pieces of legislation (the 1995 FDRE constitution and urban land proclamation no. 721/2011) and three regional level pieces of legislation (the 2006 revised constitution of Tigray National Regional State, Tigray National Regional State urban land regulation no. 76/2012, and Tigray National Regional State urban land directive no. 5/2014). All the legislation is, in principle, publicly accessible. The review specifically underscored the congruence of the legislation and the political discourse of fairness and efficiency at the rhetoric level. In the context of this study, rhetoric or principle are used interchangeably in comparison to practice.

In-depth and key informant interviews complemented the intensive review of these documents to understand the level of practice. The interview was based on a semi-structured guide (see Interview guideline [D.1](#) and [E.1](#)) to identify shared experiences and remain flexible ([Lawless and Chen, 2019](#)) in addressing the limitations of urban land administration in more detail. A purposive sampling technique was adopted in selecting individuals. A total of 56 interviewees (30 customers (bidders), 11 officials, 4 experts, 4 judges, and 7 prosecutors) participated in this study based on the data saturation principle. The bidders revealed their opinion on the strong and weak sides of urban land legislation. The participants were selected from each of the stakeholders. The choice of participants for the interview was based on their authority and expertise in urban land administration. Each interview took approximately 30 minutes to assess the practice of the land lease legislation. The interviews were conducted in the interviewees' mother tongue (*Tigrigna*) to gather pertinent data and then transcribed into English. Detailed field notes and a tape recorder were utilized to gather the necessary data (with shared permission).

The main question and reservations in social research are how to be unbiased and keep up with previous theories about the content of the data and the validity of the conclusion ([Karlsson et al., 2017](#)). In this study, these two strategies, unbiased and updated with prior theories, were combined. The process was reviewed several times to keep up with these strategies and ensure reliability. The data collected from the bidders was validated with the lower to middle and higher designated officials and stakeholders of repute. The bidders, officials, and experts' opinions were also validated with the legal texts.

### 5.4.2 Data Analysis Techniques

In this specific study, two types of critical policy discourse analysis techniques: rhetoric-informed policy discourse analyses and practice-based policy discourse analysis, were utilized to analyze the rhetoric and praxis of urban land legislation.

To critique the relationship between the policy statements and their harmonization to the structure of the comprehensive legislation, rhetoric-informed policy discourse analyses (inter-textual analysis) were utilized. Three themes – external congruence of the urban land legislation with the Constitutions, internal congruence within the urban land legislation, and the reconciliation of the principles of fairness and efficiency at the rhetoric level – were drawn. Consequently, the federal and regional legislation was read, and everything perceived as inconsistent or problematic was noted and coded thematically. As adopted by [Karlsson \*et al.\* \(2017\)](#) for a similar study, the review for the rhetoric section was based on the congruence of provisions, congruent communicative provisions, consistent utilization and description of terms, unambiguous terminology, and the equilibrium of the principles of fairness and efficiency.

Another theme, a practice-based policy discourse analysis, was utilized to explore the practice of the urban land legislation in Mekelle City. Accordingly, an inductive thematic approach suggested by [Ryan and Bernard \(2003\)](#) and used by [Karlsson \*et al.\* \(2017\)](#) was applied. Figure 5.2 below illustrates the thematic analysis model for this study.

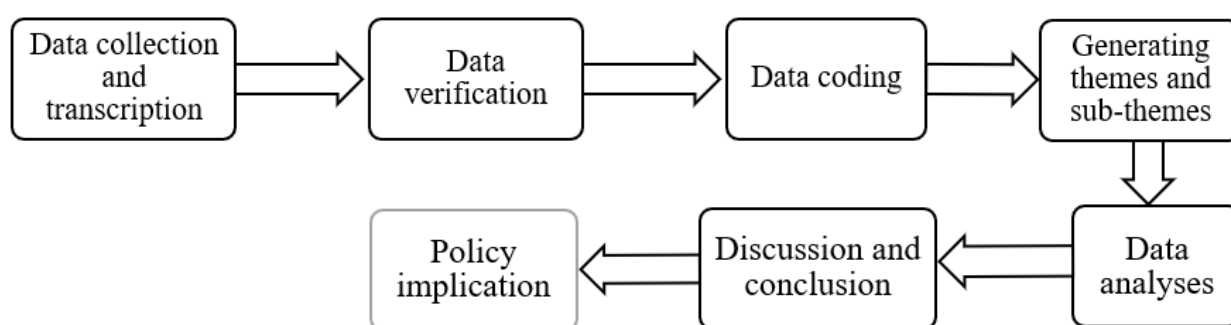


Figure 5.2: Thematic analysis

As stated in Figure 5.2, the tape-recorded data was transcribed comprehensively. During the reading, primary phrases which explained the issue across the entire data was coded systematically; major themes and sub-themes from the coded data were drawn; themes and sub-themes were refined, reviewed, and defined; and analyses were conducted based on the research question ([Corbin and](#)

[Strauss, 2008](#); [Karlsson et al., 2017](#)). Finally, the recommendation was proposed to mitigate the limitations of federal and regional legislation.

## 5.5 Results

Mekelle municipality had to manage three-level legislation to administer urban land (see [Figure 5.1](#)). This section presents the review of federal and regional urban land legislation.

### 5.5.1 External Congruence of Urban Land Administration Legislation

This section focuses on the congruence of the urban land legislation with the federal and regional constitutions, which is the first major theme of this study. In many instances, the urban land legislation refers to the 1995 FDRE Constitution as the supreme law of land ownership and administration. As a result, urban land proclamation no. 721/2011 was enacted to implement Article 40 of the FDRE Constitution ([FDRE, 2011](#)).

There are two justifications for issuing proclamation no. 721/2011. First, the 1995 FDRE Constitution under Article 40 recommends the need for specific legislation to implement the provisions expressed therein. Second, the increasing demand for urban land arises from the economic development recorded across the economic zones in the country which demands land legislation that accommodates efficient, operational, unbiased, and decentralized urban land administration. Furthermore, the federal Constitution under Article 40(3) and Article 52(2.d) empowers regional states to enact their constitutions and urban land legislation, based on the federal laws applicable in their respective areas to validate state ownership of land ([FDRE, 1995](#)). Consequently, Tigray National Regional State enacted the 2006 revised Constitution, urban land regulation no. 76/2012, and urban land directive no. 5/2014 to administer and allocate urban land for residential, investment, and other uses in Tigray. The urban land directive is a detailed description of the Regulation in which technically the regional legislation shall not contravene federal laws.

Four basic principles are stated in Article 4 of the Proclamation:

- *“The right to use of urban land by lease shall be permitted to realize the common interest and development of the people”.*
- *“The offer of lease tender and land delivery system shall adhere to the principles of transparency and accountability and thereby preventing corrupt practices and abuses to ensure*

*impartiality in the process”.*

- *“Tender shall reflect the prevailing transaction value of the land.*
- *“The urban land delivery system shall give priority to the interests of the public and urban centers to ensure rapid urban development and equitable benefits of citizens and thereby ensure the sustainability of the country’s development”.*

In this regard, the constitution and the urban land legislation are consistent and recognize state ownership of land. However, the constitution is unclear about urban land distribution and allocation. The issue is concerned with the legality of the inclusion of the right of urban dwellers to get urban land in proclamation no. 721/2011, regulation no. 76/2012, and Directive no. 5/2014 without the recognition of the constitution. Unlike rural land, in which the constitution clearly states the right of the farmers to acquire land for free, the right of urban residents to acquire urban land is neither enshrined in the constitution nor are there procedures of acquisition and transfer to residents claiming urban land.

### **5.5.2 Internal Congruence of Urban land Legislation**

The congruence of the inter-urban land legislation is the second major theme of this study. Figure 5.1 illustrates the hierarchical connections among urban land proclamation no. 721/2011, Regulation no. 76/2012, and Directive no. 5/2014. In this regard, Article 8 of the Proclamation states that all urban land shall be registered as lease land after municipal ownership. An bidder enters a contract with the government to address both the lease period and the price to be paid. Under this policy, urban dwellers acquire urban land through the lease auction system. Article 12 of the Proclamation states that:

*“municipal governments might give land by allotment to selected areas of paramount importance to society, such as government offices, religious institutions, public housing programs, and diplomatic missions” (FDRE, 2011, p. 6223).*

As a result, a lease certificate that reflects the name of lessee, land size, location, land use purpose, lease price, lease period is issued by the municipal government. This certificate proves a lessee’s right to that particular plot of land (FDRE, 2011).

The regional urban land legislation aligns with proclamation no. 721/2011. Regulation no. 76/2012

has the same fundamental principles as that of no. 721/2011. Firstly, urban land legislation is formulated to realize the common interest and development of the country's people. Secondly, both pieces of legislation state that participating in the land lease requires adhering to transparency and accountability principles to inhibit corruption and ensure impartiality. Finally, the tender shall reflect the current transaction value of the land. This system of land lease indicates that the principles stated in the legislation do not contravene each other.

The Proclamation, Regulation, and Directive have congruent communicative provisions. This congruence is true concerning converting old possessions to lease holdings where a respective municipality can draw a lease benchmark price on a plot converted into leasehold based on the lease rate of the local area as stated in Article 7 of the Proclamation and Regulation. These two pieces of legislation are congruent with each other about the modality of urban land allocation where tender and allotment are accepted considering the land use type as enshrined in Articles 7 and 12 of the Proclamation and Article 21 of the Regulation. Despite this consistency, while the Regulation and Directive grant the committee of the mayor of a municipality the power to decide on which projects can be allowed through allotment such as City-centred government institutions, institutions serving within industrial zones, temporal small and medium scale enterprises, and provision of alternative land to evictions because of urbanization, the Proclamation remains silent on these issues.

Proclamation no. 721/2011 is also consistent with the regional Regulation and Directive on using and describing terms. The Proclamation and the Regulation are consistent in terms of allowing grace period, lease contract, lease period, lease renewal, lease payment, the period of completion of construction, leasehold transfer and pledge, leasehold termination, and payment of compensation.

This study revealed the existence of unclear terminologies in urban land administration legislation. As indicated under Article 3(21) of the Proclamation, Article 2(10) of the Regulation, and Article 2(47) of the Directive, projects having outstanding contributions to the success of the country's growth and transformation are categorized under "projects having special national significance." The term "special" is ambiguous because the meaning of special national significance may differ from city to city and from region to region. This vagueness would have a spillover effect on Article 2(9) of the Proclamation, Article 2(15) of the Regulation, and Article 2(31) of the Directive. These Articles grant a person free land with allotment for a project with a special national interest. The open nature of this provision would lead to corruption and other wrongdoings in favour of



considering a project under the special national project.

The other loophole of the legislation is that, as enshrined under Article 6(3) of the Proclamation, under Article 7(1) of the Regulation, and Article 6(3) of the Directive, old possessions that are not transferred to the third party or old possessions that are transferred through inheritance do not pay lease rent and utilize their urban land for an unlimited timeframe. On the other hand, leaseholders are expected to pay rent for a land lease they have won. This system illustrates that the country's lease policy is discriminatory.

### **5.5.3 Political discourses on Land Lease Policies**

#### ***5.5.3.1 Rhetoric-Informed Political Discourses: Urban Land Legislation in Ethiopia***

The rhetoric-informed political discourse of urban land legislation is the third major theme of this study. This theme comprises two sub-themes: principles of fairness, and efficiency. The discourse of fairness supports state ownership of land in Ethiopia. This ownership is stated in the FDRE constitution in Articles 40(3) and 89(5), the preamble of proclamation no. 721/2011, regional Constitution, Regulation, and Directive that land is a public property of the State and peoples of Ethiopia and shall not be subject to sale or other means of exchange.

Proclamation no. 721/2011 in Article 12(c) and Regulation no. 76/2012 in Article 29(5) further states that regional governments shall supply land through allotment to self-help and low-income communities for various uses. The inclusion of allotment as one modality of urban land allocation indicates the commitment to achieving the principle of fairness. In addition, the Proclamation's principle no. 4(1) ("the right to use of urban land by lease shall be permitted to realize the common interest and development of the people") and no. 4(4) ("The urban land delivery system shall give priority to the interests of the public and urban centers to ensure rapid urban development and equitable benefits of citizens and thereby ensure the sustainability of the country's development") reflect the inclusion of the principle of fairness. Thus, the political discourse on the land question and land ownership in Ethiopia also reveals the government's commitment to achieving social equity and tenure security.

On the other hand, proclamation no. 721/2011 in Article 5(5) and Regulation no. 76/2012 in Article 4(1) stipulate auction/tender as the other modality of urban land allocation. In addition, Article 11(5) of the proclamation no. 721/2011 and Article 17(2) of regulation no. 76/2012 state that the

highest bidder shall be declared a winner based on their bid price and amount of down payment they offered. Moreover, as stated in Article 13(5) of regulation no. 76/2012, bidders would participate in lease competition without restriction. Bidders without violating lease provisions stated in the Proclamation, Regulation, and Directive can compete in any lease tender without any restriction. Furthermore, the Proclamation's Article no. 4(3) ("Tender shall reflect the prevailing transaction value of the land") reflects the inclusion of the efficiency/free-market principle. This illustrates the government's interest in enhancing efficiency and encouraging competition in the urban land lease market. It also indicates the government's commitment towards a free market in urban land lease tender in Ethiopia.

#### ***5.5.3.2 Practice-based Political Discourses: Urban Land Legislation in Mekelle City***

The practice-based political discourse of urban land legislation is another major theme of this study. In principle, proclamation no. 721/2011, regulation no. 76/2012, and directive no. 5/2014 were enacted to respond to the demand of urban land, ensure good governance in urban land administration systems, develop an efficient and effective urban land market, provide adequate serviced land, and create one economic community (FDRE, 2011; TNRS, 2012, 2014). Nevertheless, most bidders, officials, and experts highlighted that urban land legislation failed to achieve its stated purposes. Their responses are thematically stated accordingly.

Proclamation no. 721/2011 permitted urban land lease to realize the common interest and development of the people. The interviewed bidders said that the urban land lease legislation is pro-rich in practice, and that it is common for a person not to own a single dwelling while others have many houses at different sites. All the key informants also highlighted that the city is not providing adequate serviced land in conformance with the demand. This is similarly supported by the Urban Land Lease Transfer experts and Urban Land Data Management officials at the Tigray National Regional State Urban Land Administration Bureau. It is argued that the need for urban land has increased precipitously in the last five years, hence the demand for urban land surpasses its supply. In this way, Mekelle Zone judges and Mekelle Sub-Cities prosecutors share the experts' and officials' responses and said that the weak land administration system in the city is open to land speculation, and this has created an ineffective land market. As stated by the judges, land and related cases are frequently increasing. The Mekelle Sub-City prosecutors and urban land data management believe that it is a dearth of good governance and not a shortage of land supply that is impacting the city.

This demonstrates that the urban land legislation failed to achieve its objectives to balance the demand and supply of urban land and ensure good governance.

The Ethiopian government permitted allotment to distribute urban land based on the initial lease benchmark price to address the increasing recurrent price of the urban land lease that ousts the poor from the competition. This is enshrined in Article 12(1) of proclamation no. 721/2011 and Article 9(1) of Regulation no. 76/2012. The beneficiaries from allotments, as stated in Article 12(1.d) and Article 9(1.a), are “public residential housing construction programs and government-approved self-help housing constructions.” These provisions aim to provide relatively cheaper urban land to poor urban residents (FDRE, 1995; TNRS, 2012). In this way, the Urban Land Lease Transfer of the Tigray National Regional State Urban Land Administration Bureau officials articulated that approximately 80,000 households benefited from self-help housing programs in Tigray. However, the bidders revealed that the current supply of urban land for self-help housing is not equivalent to its demand. Although the beneficiaries from allotments had been supposed to be the poor urban residents owning no house, the interviewed bidders revealed that some individuals were involved in allotment in some areas of Mekelle while having their own homes.

Furthermore, the program remained unreliable and ineffective due to the unaffordable price of self-help and public residential housing to the poor. According to the Mekelle Sub-City land administration official, *“public residential housing is dominated by the wealthy”*. The Mekelle City Urban Planning and Development experts also argued that *“the price of urban land is beyond the reach of its citizens”*. Although the people who qualify for government-approved self-help housing are people who do not own houses, the affluent individuals first secure their space in the government-approved self-help housing then compete in land lease auctions. This illustrates that the legislation has practically failed to realize the common interest and development of most people.

Another reason for the scarcity of land supply, as stated by the interviewed judges and prosecutors, is land grabbing. The judges and prosecutors highlighted that several municipal officials participated in land grabbing, which makes it challenging to fight illegal settlements. The bidders also argued that bribery, lack of transparency, and inequality are among the municipality’s primary impediments. The interviewed Land Development and Management Process officials and Urban Land Lease Transfer experts at Mekelle City municipality also shared this concern. They stated that certain officials at the municipal and regional levels play a direct or indirect role in land grabbing:

these cause delays and address issues of unlawful settlements and corruption in urban land administration. It is also one reason for an increment in the price of leasing land. This is supported by the Tigray National Regional State Urban Land Lease Transfer representatives who argued that illegal gabbing of land is increasing along the Mekelle suburban fringes. The Mekelle Sub-Cities Land Administration officials also highlighted that informal and squatter housing increases frequently due to the ineffective nature of government-approved self-help housing and the non-affordability of the formal auction. This indicates that the legislation is inadequate to ensure justice and control corruption.

Another issue raised by the bidders and key informants was the effect of land speculation on the land lease price. As stated in proclamation no. 721/2011, the tender shall reflect the overall transaction value of the land and ensure equitable benefits of citizens. However, one of the interviewed prosecutors stated that

*"Urban speculators gamble on urban land lease tenders. Urban speculators bid a higher price for the plot of land and won. The speculators knew that the only cash they would lose if they failed to enter a contract with the municipal office to start construction was the Compulsory Payment Order (CPO), which is 5% of the land lease benchmark price multiplied by the plot size. The speculators agreed secretly with the second/third-ranked bidder to offer them more money than the CPO. If the speculators did not agree with either the second or third bidder and if both (former and latter) failed to afford the price, then the plot would be worthless".*

Because speculators gamble on urban land tender, the municipality is compelled to hold a second and possibly a third-round tender. The prosecutors argued that the information asymmetry among bidders and the city provide land speculators with an opportunity to distort the market. This is further evidence that the legislation is ineffective in ensuring transparency, controlling land speculation, and safeguarding the citizens' equitable benefits.

Bidders, officials, and experts were asked about the appropriateness of the existing land lease legislation to address land and related concerns. While the primary objective of land allocation, as stated in the legislation, is that land should be cultivated at a fair price, the existing situation is that land has become a source of wealth for a few. As a result, the bidders argued that urban land legislation is inappropriate to support equitable urban land allocation. It was also stated by the officials of the urban land lease transfer of the Tigray National Regional State Urban Land

Administration Bureau, officials of Land Development and Management Process of Mekelle City municipality, and the prosecutors, that the Proclamation offers unlimited opportunities for residents to participate in any lease tender. The poor residents were dispossessed from their urban dwellings, while the wealthy have many plots for residential housing. As highlighted by the Tigray National Regional State Urban Land Data Management experts, urban land lease auction winners usually sell their plots after reaching fifty percent of construction at a very high price.

The continuous amendment and repeal of land and related legislation is another challenge affecting its implementation. In this regard, the Mekelle municipality and Tigray National Regional State Urban Land Administration officials agree that their civil servants struggle to understand the legislation because of its frequent amendments. This led to a severe implementation gap. Supporting this, bidders highlighted that they do not know the legislation due to the continuous modifications. The interviewed judges and prosecutors added that the unsettled nature of the legal framework of land administration challenges its implementation and leads to various conflicts and grievances among the urban people. For instance, [Alemie \*et al.\* \(2015c\)](#) showed that lack of community participation in policymaking and implementation affected land administration negatively in cities such as Bahir Dar, Hawassa, and Dre Dawa. Many lands and related laws are formulated without detailed discussion with the concerned stakeholders. As a result, many issues are not catered for in the legislation. When a single case is raised, the legislation is amended. This has been a significant challenge for many years in the country.

## 5.6 Discussion

There is a tug of war between free-market/efficiency and equity/fairness of land use and ownership emanating from the political economy of capitalism and socialism/communism. The free market is one school of thought, based on supply and demand with little or no government control ([Brayshay, 2020](#)). In this regard, the economic forces of supply and demand provide the basis for the economic system without government intervention ([Le Heron, 2009](#); [Brayshay, 2020](#)). In the urban land market context, there has to be a political system that allows open competition, not manipulated by coercive rules, where only private transactions between buyers and sellers determine the price of a plot of land. Equity/fairness is another school of thought, in which an economic and political system is based on public ownership of the factor of production ([Engel-Di Mauro, 2020](#)).

Under this school of thought, the government makes all legal production and distribution decisions (Engel-Di Mauro, 2020; Kenton, 2022). In this regard, there has to be a political system that enforces public land, ensuring fairness in urban land use and ownership.

Despite the tug of war in the political economy of land use and ownership, the government of Ethiopia combines efficiency and fairness by introducing auction and allotment, respectively. Both auction and allotment were believed to balance rapid urbanization on the one hand and the demand and supply of land on the other hand. The study found that the two primary modalities of land allocation, allotment and auction/tender, have failed to achieve their intended purpose. As clearly stated in the federal and regional legislation, the primary aim of these modalities is to ensure fairness in the allotment and realize efficiency and free-market in an auction (FDRE, 2011; TNRS, 2012). While there is extensive government intervention in the allotment, the economic forces of demand and supply virtually determine land lease prices in an auction. Although this is a good policy response in principle, the study results show that neither fairness nor free market has been achieved in practice. The main reasons for their failure are discussed as follows.

More importantly, the principle of fairness has not been achieved in Mekelle City land lease allotment. As stated in the urban land lease legislation, allotment is a modality of land allocation for the poor, homeless, and those who cannot afford land on the auction (FDRE, 2011; TNRS, 2012). In practice, however, it is being used by the rich rather than the poor. Although the urban land lease legislation bans people who have one residential house from participating in an allotment, they do it more systematically. To this end, they go to the auction after getting a plot of land through an allotment. As a result, the action of the rich to get a plot of land through an allotment violates the principle of fairness stated in the legislation. This system is also challenging for the municipality to control and requires a solid policy response from the federal and regional governments.

Another major problem with allotment is the imbalance between supplied plots and the demand for allotment. The people of Mekelle are mostly government workers, small business owners, and low-income communities. Those sections of the society cannot afford the land lease auction; instead, they queue for allotment. However, this study found that the number of supplied plots and the demand for allotment do not match. In line with the findings of the present study, Tekle (2012) found that the demand for urban land outweighs the supply in Addis Ababa. The present study found that the combined effects of price increments in the urban land allotment and other public

residential housing to the poor forced residents to engage in the informal/squatter landholding system. This shows that the urban land legislation is not practically supportive for the poor urban residents to have a house. In line with this study, [Tigabu \(2015\)](#) provided a general conclusion in Ethiopia and showed that the price of urban land has exceeded the purchasing power of the general public. The municipality cannot balance demand and supply and, as above, this requires a solid policy response from the Mekelle City administration and Tigray National Regional State.

The second modality of land allocation is auctions. The primary purpose of this modality is to ensure efficiency and free market. This is a good policy response in principle, but the study results found many problems and challenges in practice. One of the problems is the massive government intervention in the land auctions. As clearly stated in the land lease legislation ([FDRE, 2011](#); [TNRS, 2012](#)), the government is the sole supplier of land for auction. This role has contributed to the imbalance between the supply of land for auction and the demand. For example, in the 2014–2019 land demand and supply, about 2,335 plots were supplied for 73,000 bidders (see Chapter 3, p. 66). This imbalance shows that about 70,000 active land seekers could not find land. Although it was hoped that Proclamation no. 721/2011 would stabilize the ever-increasing urban land price, lease prices increase frequently ([FDRE, 2011](#)). In line with the findings of the present studies, [Tekle \(2012\)](#) found that urban land inflation has accelerated in Addis Ababa and is beyond the purchasing power of the general public.

Government intervention in the land lease market created three fundamental impacts on the land lease market. First, it made the government the only supplier of land. This sole ownership of land precipitated the economic forces of demand and supply not to determine land lease price. This, in turn, impacted one of the basic principles of the legislation (Proclamation principle no. 4(3)) that “Tender shall reflect the prevailing transaction value of the land” because the government intervention has paved the way for land speculation. The small amount of the CPO also opens the door for land speculators to use lease tender to accumulate wealth. In line with the present study’s findings, [Adamu \(2014\)](#) confirmed that the absence of specific law that discourages land speculators from intervening in the land lease market stimulated them to distort the lease market in Addis Ababa. [Wubneh \(2018\)](#) argued that it could not be taken for granted that the rationale for the state ownership of land is to protect the landowner from the vagaries of the free market as urban land is still in the hands of the few wealthy people.

Based on the above findings, it can be concluded that only the government and a few people, not the majority of the population, benefit from the new urban land lease market. In this regard, the present study found that the reason for land speculation is information asymmetry, which is a clear indication of the lack of transparency. The legislation is ineffective in ensuring transparency and safeguarding the citizens' equitable benefits. This practice is against the second main basic principle of the Proclamation (Article 4(2)) that states, "the offer of lease tender and land delivery system shall adhere to the principles of transparency and accountability and thereby preventing corrupt practices and abuses to ensure impartiality in the process" (FDRE, 2011). Therefore, urban brokers and speculators are, on the one hand, distorting land lease market efficiency and, on the other, forcing the people to participate in informal urban landholding, which is against the provisions of the urban land proclamation and regulations.

The reason for the corruption is also the gap in the land lease legislation. The study found that the open nature of Article 3(21) of the Proclamation, Article 2(10) of the Regulation, and Article 2(47) of the Directive, leads to corruption and other wrongdoings in favour of considering a project under the special national project (FDRE, 2011; TNRS, 2012, 2014). As Wubneh (2018) argued, the concepts of 'public use, special national project, public benefit' and related terms are ambiguous terms that precipitated wide interpretation. Consistent with the current study's findings, Tekle (2012) said that the current land lease proclamation is corrupt and discriminates against the public in Addis Ababa. In addition, Tigabu (2015) claimed that laws based on personal decisions indulge in possible arbitrariness. Thus, a proper mechanism such as legislative reform and land adjudication is required to resolve this interpretation gap. Otherwise, land may be used for unintended purposes in the name of a special national project.

The other suspicious Article in proclamation no. 721/2011 is Article 24. As stipulated under Article 24(2) and 24(3), a leaseholder can transfer a lease right to the third party without commencement of construction by following "transparent procedures of sale to be supervised by the appropriate body." The lessee can get 5% of the transfer lease value (FDRE, 2011). This article encourages corruption. Adamu (2014) reached a similar conclusion that the above-listed Articles are prone to corruption. Consistent with these findings, Wubneh (2018) held that the transfer of land rights through auction in Ethiopia is prone to corruption. Admasu (2015) found similar results and argued that the absence of appropriate implementation of the existing land-use policies ushered in



corruption in Hawassa, Southern Ethiopia. Although the main reason that the government became a sole decision-maker on land, as stipulated in the Proclamation FDRE (2011) and clarified by Wubneh (2018), was to enhance fairness in land development, in practice, the government engaged in land trade in the name of the people. The government also acted as the main barrier to efficiency. This provision contravenes the principle of the FDRE Constitution and land policies of the country that states property that built-in, not land shall be sold to the third party (FDRE, 1995). From the findings stated above, it can be concluded that the government is not ready to fight against land speculation and corruption, instead it prefers sharing the profits with the lessees.

The study further found that land grabbing is persistent in Mekelle City. This land grabbing resulted in a lack of fairness and efficiency. In line with this study, Tura (2018) argued that urban land had been illegally seized and used for various purposes without recognizing the legal authority multiple times in Oromia cities, resulting in a shortage of land supply. Wubneh (2018) showed the severity of land grabbing in Ethiopia and concluded that land grabbing caused a lack of land supply and severe social and economic damage. The land grab, which involved high-ranking government officials in Mekelle, prevented the city from using its resources to achieve social and economic development. The results of this study and the previous studies by Tura (2018); Wubneh (2018) reached a similar conclusion: that the widespread land grabbing caused by the combined effects of the policy failure and governance failure ushered in a shortage of land in Mekelle, Addis Ababa and Oromia cities.

Finally, the study revealed discrepancies in urban land lease ownership. The biggest problem with Ethiopia's land ownership policy is non-harmonized ownership. As stated in the land lease Proclamation and Regulation, the ownership policy for leasehold and old possession are different. Benefits for an old possession are different from benefits for a leasehold user. This means that the user in old possession can get unlimited time use without paying land rent. In contrast, lease ownership is required to renew and pay lease rent after some years, depending on the land use type. The existence of these two types of lease ownership policy makes it difficult for harmonized policy implementation. Therefore, a new comprehensive approach that harmonizes urban land ownership and security is required to avoid discrepancies in urban land lease ownership.

## 5.7 Conclusion and Policy Implications

Land is a factor of production that every society needs. It is, therefore, essential to ensure that the land lease policy is based on a balance in demand and supply, free from corruption and land speculation, and suitable for the country's political economy. However, the land lease market in Mekelle shows the opposite. The allotment price is beyond the purchasing power of the majority of the community, and the land lease market system is prone to corruption and speculation, which results in complaints from the rich and poor.

Despite the government policy and political reforms, urban land legislation is not well implemented and has failed to meet its objectives in Mekelle City. Apart from the land lease tender, self-help and public residential housing are unaffordable for the poor residents, as shown in this study. Mekelle City residents are not satisfied with the urban land deliveries because the wealthy dominate both the allotment and the auction. This illustrates that urban land legislation has failed to achieve the fairness of urban land allocation. The existing gap in implementing the urban land legislation negatively affects the legislation's acceptability. As a result, urban land legislation becomes rhetoric.

Both the constitution and the land proclamation declare that land should be developed fairly and in accordance with the needs of the majority of the community. In practice, however, both rich and poor are complaining about the fairness and efficiency of the land market. Complaints from the poor emanated from the idea that the land market has marginalized poor sections of the community, while the rich also blame the government because the state ownership of land precipitated land speculation. The fact that this type of land speculation is unstoppable shows that the land speculation monitoring system of the municipality is ineffective. Thus, it can be argued that the urban land lease proclamation's focus is not on creating equitable land access for all and reflecting the common ownership of land by the people and the state rather on generating income. The study revealed certain shortcomings with the principles and practices of urban land legislation. As a result, the following recommendations are made.

1. While it is good for the government to include allotment at the legal level to make the poorest of the poor homeowners, there are gaps in its implementation. There are two sources of this gap: the policy gap and the governance gap. The government should fill the policy gap by conducting an in-depth study to differentiate the rich from the poor and develop a policy

framework that prohibits affluent communities from participating in the allotment.

2. Second, the study found that in some areas of Mekelle, landowners involved in allotment violate the allotment law while having their own homes. The primary source of this gap is the good governance gap. To address this, Mekelle Municipality must act to penalize those who violate this law and potential violators by coordinating the community and preparing different platforms.
3. The municipality should prepare long-, medium-, and short-term urban land supply plans to satisfy its customers.
4. The federal government should amend Article 24 sub-Articles 2 and 3 to avert speculation and inhibit corruption in urban land administration.
5. As clearly suggested in Chapter 4 (p, 102) of this study, the small amount of CPO opens a door for land speculators to use lease tender to accumulate wealth. This study advocates further assessment to be conducted for a moderate increase in the amount of CPO to avoid speculators from urban land lease tenders.
6. The results of the study show that Ethiopia's land ownership policy is non-harmonized. This makes the country's policy discriminatory. For the government to harmonize land ownership policy, all urban land must be governed by the same policy. To do this, owners of old possession must switch to a lease.

## CHAPTER 6

# SWOT ANALYSES IN URBAN LAND ADMINISTRATION IN ETHIOPIA: EMPIRICAL EVIDENCE FROM MEKELLE CITY

This is a published paper in the *Administratio Publica*, 2021, 29(2), 207–228.

### 6.1 Introduction

Since 1975 there have been worldwide land policy development efforts to realize sustainable land management ([Williamson \*et al.\*, 2010](#)). Consequently, the global land administration community has increasingly recognized and worked towards realizing fit-for-purpose forms of land administration that serve the majority of society ([de Vries \*et al.\*, 2016](#); [Hendriks \*et al.\*, 2019](#)). These steps have led to a conception of land administration systems as components of sustainable land management in response to changes in people–land relationships driven by land markets’ expansion ([UNECE, 1996](#)).

The empirical studies confirmed that land use, ownership, and valuation are under multiple pressures in Sub-Saharan Africa ([Deininger \*et al.\*, 2012](#); [Bennett and Alemie, 2016](#)). The strain emanated from the population growth causing use and misuse of resources, the advancement of land-related technologies, and the restructuring of national governments and local agencies leading to the evolution of land administration systems. To this end, land administration has become a significant component of a country’s structure to implement land-related policies and land management paradigms ([Williamson \*et al.\*, 2010](#)).

As a step to modernize land administration in developing countries, many developed countries such as Australia, Canada, France, Germany, Netherlands, Spain, Sweden, the United Kingdom, and the United States have initiated and supported land administration reforms and cadastre systems since the mid-1980s ([Williamson \*et al.\*, 2010](#)). However, land tenure processes and land administration systems in developing countries do not endure the pace of development expected by the supporting countries mentioned above ([Buntinx \*et al.\*, 2017](#)). The land administration reforms initiated by the colonizers were not sustained in developing countries as the local population considered them threats ([Shibeshi \*et al.\*, 2015](#)). In SSA the individualized land administration systems introduced

and aided by Western institutions have failed to achieve the desired change. The land sector policies and institutions' inability to fully accommodate informal and customary land tenure types worsened in East African countries such as Ethiopia, Kenya, and Rwanda ([Buntinx et al., 2017](#)).

A paradigm shift was observed with specific reference to the Ethiopian land administration after the Derg regime's downfall in 1991. The succeeding EPRDF government introduced a decentralized urban land policy reform to respond to society's changing needs. Consequently, the country made several progressive urban land policy reforms to make urban land administration more inclusive and equitable in 1993 ([TGE, 1993](#); [Crewett and Korf, 2008](#); [Adam and Birhanu, 2018](#); [Wubneh, 2018](#); [Adam, 2019](#)). Since 1995, the land has become a constitutional issue ([FDRE, 1995](#)). As a result, the 1995 Federal Democratic Republic of Ethiopia (FDRE) Constitution empowers regional states and municipalities to administer urban land in their jurisdictions ([FDRE, 1995](#)).

Land ownership, land markets, and land-use reforms are an integral part of government policy interventions, directly impacting land and land administration ([Adam and Birhanu, 2018](#)). However, the body of literature indicates that the country struggles to enhance good urban land governance, achieve an efficient land market, and enact inclusive urban land policies. This study is based on three primary urban land administration dimensions: good governance, urban land markets, and urban land policies. The three dimensions are interrelated, meaning that they work together to influence urban land administration. For instance, effective and efficient land administration is impossible without sound governance ([Williamson et al., 2010](#)). A dynamic land market requires established rules of the game and land administrators who act as guardians of the right to land and the people who hold these rights ([FAO, 2007](#)). Formulating a comprehensive land policy to follow the land market and encompassing the societal needs into new areas is a typical global land administration process ([Williamson et al., 2010](#)). However, although academicians and policymakers developed universal methods to assess land administration systems, they fall short of addressing developing countries' local situations and problems ([Steudler et al., 2004](#); [Klimach et al., 2018](#)), because administration systems are dependent on the political, social, and cultural values of societies of the country in which they function ([Steudler et al., 2004](#); [Shibeshi et al., 2015](#)).

The focus of this study is Mekelle City, and one of the main reasons for choosing this city is that, compared to other large cities in the country and Tigray Regional State cities, a large and diversified area of urban land is needed for various services ([Deininger et al., 2012](#); [Mezgebo, 2014](#)).

The increased land demand has put a strain on good governance, the land market, and land policy in the city (Mezgebo, 2014; FDRE, 2016). The study is particularly relevant since it links the operational aspects of good land governance, urban land markets, and urban land policies.

The chapter is structured as follows. First, Section 6.1 synthesises a brief introduction of land administration and contribution of SWOT analysis to urban land administration institutions. Subsequently, the study reviews related literature in the area of land administration and SWOT analysis. Section 6.3 discusses the method and materials used for the SWOT analysis, followed by Section 6.4 presenting results and subsequent discussion. In Section 6.5 the study makes concluding remarks, and finally Section 6.7 suggests policy implications encapsulating future research.

## 6.2 Conceptual Clarifications

The land administration concept is seen from the perspectives of good governance, urban land lease market, and urban land policies. Land policy is the federal and regional governments' official policy concerning the use, market, development, and allocation of land (FDRE, 2011; TNRS, 2012, 2014). The urban land lease market in Ethiopia is the formal market where city administrations and municipalities transfer land ownership to third parties through auction and allotment (FDRE, 2011; TNRS, 2012, 2014). Land policies and land-related theories influence land administration (Hull *et al.*, 2019). Governance concerning urban land administration is a broad term that encompasses all the systems, procedures, decisions, and activities related to land irrespective of how they are carried out and evaluated (Bevir, 2012). It translates land administration policies into practice, secures urban land tenure, allocates urban land at a fair market price, and controls informal housing (Zakout *et al.*, 2006; Deininger *et al.*, 2012). Hence, urban land administration institutions that operate based on sound governance principles serve as instruments to instil appropriate urban land market, manage urban expansion and development, expand access to land, and implement land policies (Durand-Lasserve *et al.*, 2015). The argument mentioned above interlinks good governance, the urban land lease market, and urban land policies.

## 6.3 Theoretical Foundations

The relationship between people and land has two schools of thought. The first group, where many African traditional land tenures belong, argues that land policies should be rooted in social capital

theory (customary ownership, state ownership, and a mix of state and customary ownership are categorized here). The proponents of traditional/communal tenure systems believe that custom-based tenure systems are the most effective way to ensure tenure security (Coleman, 2010). For communitarians, tenure insecurity results from conservative values that marginalize traditional values (Obeng-Odoom, 2012).

The second group argues that individualized land tenure systems (individual ownership) are more effective and desirable to realize land productivity. In land economics, individual land ownership denotes the possibility of properties sold based on individual decision-making (Obeng-Odoom, 2012). The individualized land tenure system has a root in the capitalist system of production (Alchian and Demsetz, 1973). The individualized land tenure systems further stand from the argument that people are more irresponsible with the common good than private property. This argument is similar to what Hardin (2010) called the "tragedy of the commons" for a particular grazing area in which an increment of one animal helps a herdsman to receive all the proceeds from the sale of the additional animal, but all the herdsman shares the effects of overgrazing.

Although secure land tenure is the desire of the land administration community, as a school of thought, it brings about a vicious controversy. The main reason is that the land and land administration reforms reflect the country's social and cultural background in which they function, making them particularly different, and challenging to compare (Steudler *et al.*, 2004). Notwithstanding the theoretical foundations and advocates of the shift from the traditional/communal tenure systems to the individualized tenure system, the state ownership of land is the focus of this study. The justification for considering state ownership is that urban land ownership in Ethiopia is based on state ownership. Irrespective of critics such as academia arguing against state ownership of land, Ethiopia has been following state ownership since 1975 (Crewett and Korf, 2008; Deininger *et al.*, 2012; Bezu and Holden, 2014; Shibeshi *et al.*, 2015; Bennett and Alemie, 2016; Bezu and Holden, 2014; Adam and Birhanu, 2018; Tura, 2018; Wubneh, 2018). What remains to be seen is the extent to which government measures undertaken to reinforce service delivery at the municipal level pair with good governance, the land lease market, and land policy lenses, which is the aim of this study.

## 6.4 Empirical Review

Given that land is a vital tool for the urban economy, it is not surprising that literature on the evolution and paradigm of land use, land ownership, land development, land market, and land governance has continued to grow (Zakout *et al.*, 2006; World Bank, 2007; Crewett and Korf, 2008; Williamson *et al.*, 2010; Deininger *et al.*, 2012; Obeng-Odoom, 2012; Alemie *et al.*, 2015c; Shibeshi *et al.*, 2015; Buntinx *et al.*, 2017; Tura, 2018; Wubneh, 2018; Kalabamu, 2019).

Findings in the literature reveal that countries formulate land administration programs, establish governance systems to address land tenure insecurity, satisfy the demand for urban land, regulate the land market and taxation, and control illegal settlement (Williamson *et al.*, 2010). However, findings by Deininger *et al.* (2012); Obeng-Odoom (2012) confirmed that urban land faces unprecedented pressure due to the increase of urban population that demands urban land for different uses, including residential, commercial, infrastructure, and social services. The pressure increases in developing countries such as Botswana, where land conflicts arising from post-colonial socio-economic transformations are not addressed (Kalabamu, 2019).

Buntinx *et al.* (2017) assessed land governance systems in three SSA countries – Ethiopia, Kenya, and Rwanda – from a land tenure tools perspective. The authors found that although these countries wish to acquaint themselves with innovative land tenure tools to modernize land administration, the actual situation indicates that their willingness did not go much further than rhetoric. Ethiopia in particular struggles to rectify the lack of suitable land governance, while Kenya is known for its land mismanagement (Buntinx *et al.*, 2017).

The informal land market is another weakness of the countries mentioned above. Land administration stakeholders' failures to achieve the desired expectations have created the flourishing of the informal land market (Buntinx *et al.*, 2017). The widespread corruption and ineffective urban land policies have also negatively influenced the land administration system in these countries (Zakout *et al.*, 2006; World Bank, 2007; Deininger *et al.*, 2012). In line with this, Tura (2018); Wubneh (2018) found that the urban land lease policies affect the poor urban society trying to access urban land in Ethiopia. Alemie *et al.* (2015c) found that the absence of political steadiness and policy and legal clarity affected the operational role of cadastre in improving urban land governance.

Although several scholars assessed land administration institutions' status from developed and



developing countries' perspectives, many studies did not specifically and clearly state the strengths, weaknesses, opportunities, and threats of each land administration institution. Further, these studies are not specific to rural or urban land administration. More importantly, the general frameworks designed to evaluate land administration systems suffer from a problem of mismatch in application due to variations in societies' political, social, and cultural values across countries and even within countries (Steudler *et al.*, 2004; Shibeshi *et al.*, 2015). For instance, in Ethiopia, where the rural and urban land policies, administration structure, and stakeholders are different, separately assessing urban land administration is significant. Hence, the study presents a novel SWOT analysis in urban land administration in Ethiopia.

SWOT analysis emerged in the 1960s and was first used in business management to minimize weaknesses and take the most significant possible advantage of available opportunities (Tat and Gürel, 2017). However, through time, public institutions and non-governmental organizations (NGOs) have been using this strategic management process to capitalize on their strength and opportunities and minimize their weaknesses and threats (Tat and Gürel, 2017). In their attempt to assess the significance of SWOT analysis, Polat *et al.* (2017) argued that identifying an institution's current state of affairs is one step toward solving daunting problems making SWOT relevant for determining conditions for improving land productivity and efficiency.

This study's central proposition is that better urban land administration can be achieved when urban land administration institutions and stakeholders take advantage of their strengths, manipulate available opportunities, curtail their weaknesses, and anticipate their threats. Nevertheless, there is a scarcity of literature that examines SWOT analysis in urban land administration, and hence the objective pursued in this study is essential. Figure 6.1 indicates the framework for this study. It is drawn from the reviewed concepts, theoretical, and empirical literature.

As can be seen in Figure 6.1 the good governance, urban land lease market, and urban land policies in urban land administration are interconnected and mutually reinforcing. Good governance is the first step to make the visions of urban land policies accurate and to ensure a better urban land market. Urban land policies cannot be well implemented without good governance. When a shortage of good governance engulfs urban land administration, the urban land market is distorted. In line with the above brief reasoning, this section aims to evaluate urban land administration's internal and external aspects corresponding to good governance, the urban land lease market, and

urban land policies, which could influence sustainable urban development.

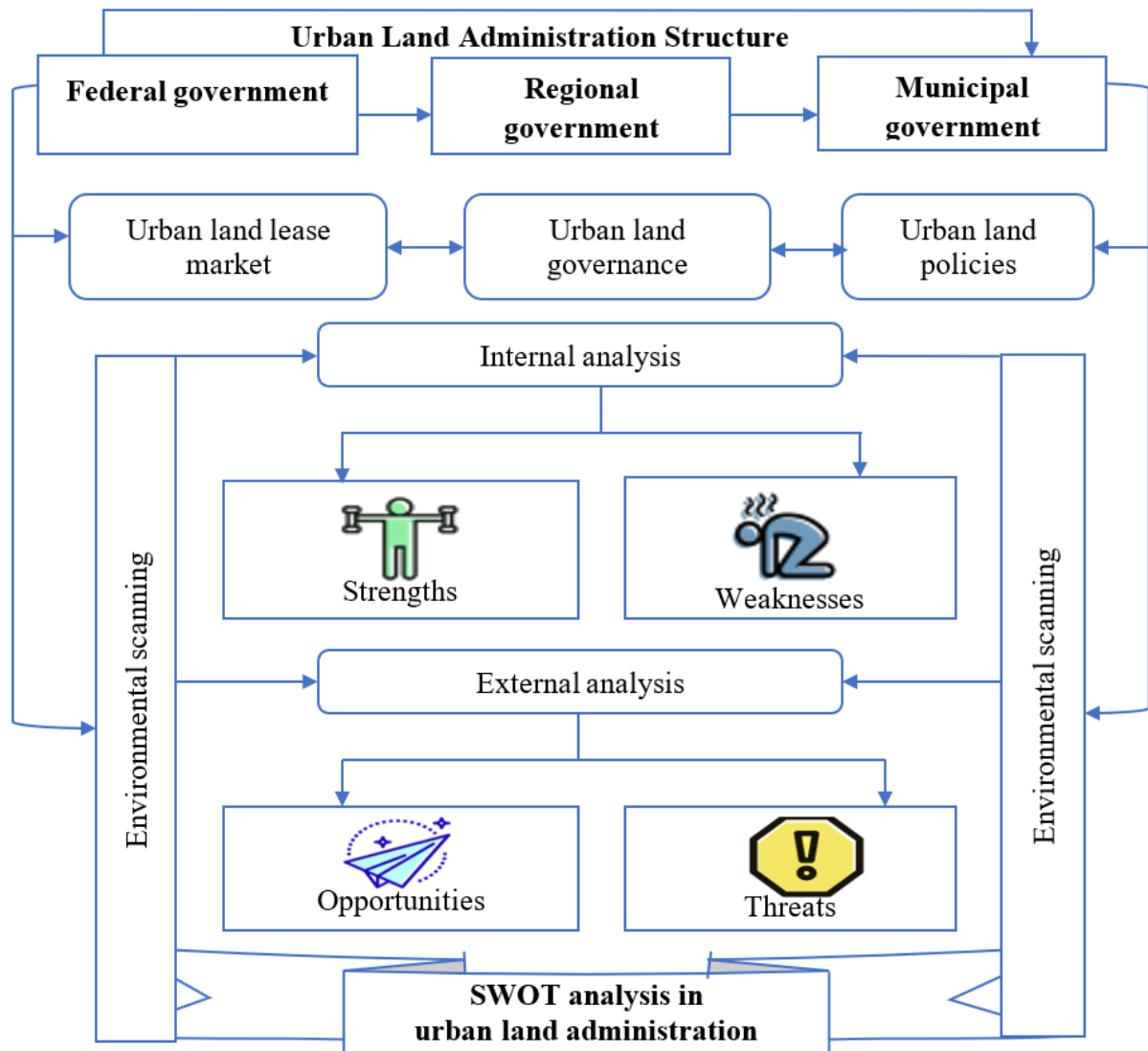


Figure 6.1: A framework to SWOT analyses in urban land administration

## 6.5 Research Methodology

This study is based on a case study within a qualitative research approach. It focuses on the urban land administration system and actors of Mekelle City in Ethiopia. The city is the third-largest city in Ethiopia, after Addis Ababa and Dire Dawa, with a population of 215,546 in 2020 ([World Population Review, 2020](#)). The city was purposively selected because large scale and diversified urban land are needed for various uses compared to other towns of the region ([Mezgebo, 2014](#)).

SWOT analysis is considered as a strategic method to measure the performance of the overall urban land administration. The case was also selected to reflect the decentralized system of governance in Ethiopia.

Both primary data (semi-structured interviews) (see Interview guideline [D.1](#) and [E.1](#)) and secondary data (document reviews) were sourced for analysis in the study. A purposive sampling technique was adopted to select participants for the semi-structured interviews. The interviewees were officials and experts in Mekelle City, the Tigray Region, and other stakeholders in the urban land administration. They consisted of Urban Land Lease Transfer officials (2 officials), Tigray Regional Urban Land Data Management experts (2), Mekelle City Urban Land Development and Management process officials (2), Mekelle City Urban Land Data Management experts (2), Mekelle Zone Courts (4 judges), and Mekelle City Prosecutors (4 attorneys).

The number of interviewees was determined in line with the data saturation principle as a guideline. Participants were selected based on their authority and expertise in urban land administration. The interview was completed (and transcribed) from *Tigrigna*, the studied group's language, to English between September 2019 and January 2020 by the principal investigator. The interviews each took approximately 30 minutes. Detailed field notes and a tape recorder were utilized to gather the necessary data (with shared permission between the interviewees and the investigator). The data collected from the interviewees were validated with the legal texts.

The secondary sources of data are the urban land legislation of the Federal and Tigray Regional Government, among others, the Constitution of the Federal Democratic Republic of Ethiopia Proclamation no. 1/1995, the Urban Lands Lease Holding Proclamation no. 721/2011, the Revised Constitution of the Tigray National Regional State Proclamation no. 98/2006, the Tigray National Regional State Revised Urban Land Lease Regulation no. 76/2012, and the Tigray National Regional State Revised Urban Land Lease Directive no. 05/2014.

SWOT analysis was used to analyze the data collected from primary and secondary sources. To date, many scholars, including [Halla \(2007\)](#); [Carlsen and Andersson \(2011\)](#); [Koo et al. \(2011\)](#); [Gu \(2015\)](#); [Polat et al. \(2017\)](#) have used SWOT analysis in different public sector fields and NGOs to determine policy directions by probing the current state of affairs of institutions. In this analysis, the strengths and weaknesses of the statuses of urban land administration institutions in Mekelle City and the opportunities and threats that emanate from the external situation are the subjects

of analysis.

The SWOT is contextualized in this study as follows. The strength dimension of SWOT denotes the positive features of the institutions examined. It includes the resources and capabilities that stem from the institutions. On the flip side, the weaknesses are negative aspects of the institutions, that make urban land administration less efficient and effective. Opportunities in this analysis are possible favourable conditions that can be discovered when the statuses of the urban land administration institutions are examined and following the goals that have been achieved. Finally, threats are external limitations and new situations that impede urban land administration institutions from realizing their dreams.

In analyzing the transcript records, a thematic analysis was used: the primary phrases that were supposed to explain the issue-spectrum were systematically coded. Codes were then grouped to form themes and sub-themes considering their affinities, and the process was reviewed several times to ensure reliability.

## **6.6 Discussion of Results and Findings**

Table 6.1 provides a schematic representation of the main findings from analyzing the information provided by the interviewees and document reviews. As can be seen from 6.1, the second column is for the SWOT result of urban land governance, followed by the third column for the lease market and the fourth one for the urban land policies. A case that represents the three study themes is merged into one column. A problem/issue found in two themes is combined in one column, while a different subject across the study themes is written separately.

Table 6.1: SWOT matrix of urban land administration

SWOT Analysis	Urban land governance	Urban land market	Urban land policies
Strengths	The establishment of service delivery reform Information desk and complaint hearing offices	Formal land lease for various use	Federal and regional lease legislation The unity land legislation
Weaknesses	Lack of qualified professional staff Lack of quality services  The absence of good governance Lack electronic database  Non-harmonized land market and land legislation	Lack of digitized land market Existence of false documents Lack of land bank Use of agricultural land for housing Inefficient land use planning and the market Non-harmonized land market and land legislation	Frequent change of land legislation Achieved neither fairness nor efficiency Prone to speculation and corruption Lack of comprehensive urban land policy Inefficient land use planning and the market Non-harmonized land market and land legislation
Opportunities	Socio-economic transformation A long-time tradition in land administration The existence of decentralized governance  The existence of international best practices in the land administration	Socio-economic transformation The advent of land technologies The formal existence system of the land market The existence of international best practices in the land administration	Policy reform   The existence of international best practices in the land administration
Threats	Political instability in the country Staff turnover  Lack of stakeholder integration Lack of qualified judges	Political instability in the country Inadequate ICT infrastructure Lack of stakeholder integration Lack of qualified judges	Regime change  Lack of support from the constitutions Lack of qualified judges

### 6.6.1 Strengths

The establishment of service delivery reform is one of the strengths of the urban land governance of Mekelle municipality. One of the respondents, a Land Development and Management process

official, identified that Mekelle City conducted service delivery reform in 2019 to reduce the frequent meetings of service providers at the expense of daily work. This interviewee said that the municipality's customers complained due to repeated meetings that overwhelmed civil servants, causing them not to address land-related problems on time. Consequently, the municipality decided to change the meeting time to weekends at the end of 2019 to reduce service delivery complaints and the number of pending cases.

The other strength of the municipality identified from analyzing the interview records is the existence of information desk and complaint hearing offices in the City and Regional Bureau, which hear community complaints. The Tigray Regional Urban Land Lease Transfer official said that the information desk is available at the Regional and Municipal land administration bureaus to show customers where they can get answers to their questions and to whom they can direct their queries. Complaint hearing offices at the Municipal and Regional levels are operating to hear the community's complaints.

Most importantly, the allocation of 2,335 plots through auction and 80,000 plots through allotment was considered as the strength of the municipality. The interviewed Mekelle City Urban Land Data Management expert stated that substantial land plots allocated to customers on allotment and auction bases are the municipality's positive side. The city publicly released 2,335 plots of urban land for auction at the municipality's base price and transferred to winners based on their bid price and the amount of down payment they offer, where more than 72 thousand bidders participated from 2014–2019 (see Chapter 3, p. 43 and Chapter 4, p. 93). Besides, the self-help and public residential housing based on the “policy of providing plots and houses to the poor at a relatively lower price” benefited many residents (see Chapter 5, p. 128).

As indicated in Table 6.1, the harmony of the federal and regional policies and the consistent communication provisions among these policies is the strength of the urban land lease policies. The land lease policies are compatible with each other vis-à-vis converting old possessions to lease holdings (see Chapter 5, pp. 125-126). In this regard, a respective municipality can draw a lease benchmark price on a plot converted into a leasehold based on the local area's lease rate. The author also found that the land legislation – the Constitution of the Federal Democratic Republic of Ethiopia Proclamation no. 1/1995, the Urban Lands Lease Holding Proclamation no. 721/2011, the Revised Constitution of the Tigray National Regional State Proclamation no. 98/2006, the

Revised Urban Land Lease Regulation no. 76/2012, and the Revised Urban Land Lease Directive no. 05/2014, are congruent with each other about the modality of urban land allocation, where tender and allotment are accepted considering the land use type.

### 6.6.2 Weaknesses

The interviewed prosecutors stated that the absence of good governance is among the weaknesses of Mekelle urban land administration. The absence of transparency, weak accountability, lack of public participation, violation of the rule of law, and corruption compromised service delivery quality contributing to customer dissatisfaction (see Chapter 3, p. 81). The interviewed prosecutors also said that the absence of municipal courts had increased the number of pending conflicts despite service delivery reform. Although there are information desks and complaint hearing offices at the municipal and regional levels, prosecutors and judges have criticized their functionality and discovered that the system was not fully operational to promote public interest and the public good. Consistent with the findings mentioned above, [Buntinx et al. \(2017\)](#) argued that the absence of a fit-for-purpose system is among the weaknesses affecting Ethiopia's land administration.

The findings of the present study show that Mekelle City's urban land administration does not seem ready to deal with the significant changes in the environment. Tigray Region Land Data Management and Mekelle City Urban Land Data Management experts said that the municipality depends heavily on a traditional and manual land administration system which indicates that the city lacks a digitized process for the land market. The manual land administration system and lack of transparency in land lease auction and land allocation decision-making contributed to false land ownership documents. Tigray Region Land Data Management and Mekelle City Urban Land Data Management experts also stated that the municipality lacks a strong archive structure and electronic database. Although the advent of technologies potentially offers a conducive environment to the land market, one of the respondents, an Urban Land Development and Management process official, stated that

*"The municipality has a shortage of geospatial facilities, among other things, Total Stations, GPS, Live Monitoring of Earth Surface (LiMES), and Lease Applications. The lack of technological use poses a challenge to having a well-organized and quality land market management".*

By its nature, urban land administration requires digitization in terms of land bank management,

archive management, GIS, remote sensing, land lease auction, and lease winner's selection ([Rahmatizadeh et al., 2018](#); [Biitir et al., 2021](#)). In the context of this study, a land bank is a component that municipalities or city administrations use to register a plot for record-keeping, manage land development from acquisition to sale, track all development costs, and manage plots to be allocated and eventually sold. The interviewed expert added that traditional bidding negatively affects service delivery and leads to deception and other fraud activities during and after lease tender processes.

The Urban Land Development and Management process officials also identified that the municipality lacks qualified professional staff. Many of their staff are below the standard required of the position they hold. In the land lease market, the absence of a land bank is among the Mekelle municipality's weaknesses. In response to this challenge, the city's Urban Land Data Management expert pointed out the need to install land banks and implement strategies to ease the application for and management of land acquisitions. The absence of a land bank creates confusion for the municipal government concerning which plots are either sold or not. It occasionally resulted in the municipal government erroneously selling a plot to two bidders.

Frequent repeal and amendment of land policies are weaknesses identified with the federal and regional governments' urban land administration. Since its first enactment in 1993, the urban land lease policy has been repealed and amended three times, with one of the land administration directives repealed without a transformational directive. For example, the 2011 urban land directive for the 'old land possession' was repealed in 2014 without a transformational regulation, which resulted in issues related to old possession pending for a while. The continuous amendment and repeal of land and related legislation affect its implementation. Consistent with this, as stated in Chapter Five of this study, civil servants struggle to understand the legislation because of its frequent amendments, creating severe implementation gaps. The formulation of the land policies without detailed discussion with the concerned stakeholders showed many unresolved legislation issues and resulted in the repeal and amendment of policies when a single case is raised, which has been a loophole for many years.

The urban land policies did not achieve efficiency or fairness. The inability of the policies to ensure equitable urban land allocation is one set of weaknesses identified with urban land administration in Mekelle City. This point has been raised by scholars and experts such as [Crewett and Korf \(2008\)](#), argued that the land lease policy achieved neither urban land allocation efficiency nor fairness in



Ethiopia and Mekelle city despite its vision of speaking in most people's interests.

The other weakness of the land policies is their corrupting nature. [Tekle \(2012\)](#) criticized Articles 24(2) and 24(3) of proclamation no. 721/2011 for providing support for corruption. The provision creates opportunities for urban land speculators to buy and sell land without commencement of construction. The author argued that transferring land to a third party without beginning construction is against the general provisions of the urban land proclamation and regulations that stipulate property that built-in, not land shall be sold to the third party ([FDRE, 2011](#); [TNRS, 2012](#)).

The non-harmonized nature of the land market and land legislation with international land administration standards is another weak side of land administration and land use in Mekelle City. Urban lease holding proclamation No. 721/2011 fails to deal with informal housing formalization ([Deininger et al., 2012](#)). Proclamation No. 721/2011 favoured the old possessors not paying lease rent and utilizing their urban land for an unlimited period. At the same time, leaseholders are expected to pay rent for a land lease they have won, indicating the country's lease policy is discriminatory. Although decentralized urban land policy making and implementation open the door for the legitimacy of the federal and regional governments, the lack of a comprehensive urban land policy is considered the weak side of the urban land administration. The division of power and responsibilities for policymaking and implementation is explicit:

- The federal government enacts urban land proclamations ([FDRE, 2011](#)).
- The regional government enacts regional urban land regulations and directives that do not contravene national laws ([TNRS, 2012, 2014](#)).
- The municipal governments are in charge of land use, land ownership, and land development.
- The judiciary resolves complaints and disputes that would arise in the process.

The practice, however, is complex, and raises concerns from a governance perspective. The delegation of mandates to regional states and municipalities without sufficient policy guidelines that define responsibilities for the different levels of governance causes vertical and horizontal overlap. Regional conditions determine land administration and allocation mandates by unpublished directives that often change quickly and without public notice ([Deininger et al., 2012](#)). The problem is worse on the judiciary side, where municipalities have no municipal courts.

### 6.6.3 Opportunities

The socio-economic transformation drafted post-1991 and the economic development recorded in the last three decades are opportunities for the land lease market in Mekelle. In its Growth and Transformation Plan (GTP 2), the government of Ethiopia aims to drive the country's economy towards a middle-income country status by 2025. Land is itemized as the primary tool to achieve this goal ([National Plan Commission, 2016](#)). In a country where land is the main factor of production, this is an undeniable opportunity for the municipality to increase its revenue from the land lease market.

The advent of new technologies and land-related software can positively impact the country's effective and efficient land market system. At present, several technological innovations can support land administration, such as cadastre, total stations, GPS, and lease applications, to list a few. The country can also tap developments in 3D data acquisition, data management, and data security, and the development of mobile and satellite technologies to collect spatial data and carry out a widespread intersectoral connection with ICT to improve land administration ([Polat \*et al.\*, 2017](#)). Introducing these technologies would ease the bottlenecks in the land lease market and land administration in Mekelle City. However, the reality is that the municipalities have not yet introduced benefits from it.

Ethiopia has had a long history of land administration since 1931, when land in the country was formally registered ([Crewett and Korf, 2008](#); [Tura, 2018](#); [Wubneh, 2018](#)). The long history of land administration contributes to the decentralized urban land administration, where decentralization of power and function created over 15,000 neighbourhoods, 800 districts, 85 zones, two city administrations, and ten regional states with the federal government at the top ([Buntinx \*et al.\*, 2017](#)). The country has significant self-rule in land governance and land acts ([FDRE, 1995](#); [Deininger \*et al.\*, 2012](#)). The decentralized urban land administration system has helped regional states, city administrations, and municipalities to proclaim region-specific protocols and directives to their context ([FDRE, 2011](#)).

As stipulated in Articles 7 and 12 of proclamation 721/2011, and Article 21 of regulation 76/2012, land leases are accepted by who and for whom depending on which land-use type is considered ([FDRE, 2011](#); [TNRS, 2012](#)). In this regard, the Urban Land Development and Management process officials indicated that the existence of a tender and allotment system of the land market gives a

triple opportunity, among other things, to the Mekelle municipality, the rich, and the poor:

- It is an opportunity for the municipality to collect revenue: the land lease revenue covers a significant part of its recurrent budget.
- It is an opportunity for potential high-income bidders to get land through auction. In this regard, Article 11(5) of proclamation no. 721/2011 and Article 17(2) of regulation no. 76/2012 allow the highest bidder to win the plot based on their bid price and the amount of down payment they offer. It also enables bidders to participate in lease competitions without restriction.
- It is also an opportunity for the poor to get land through allotment. As enshrined in Article 12(1) of proclamation no. 721/2011 and Article 9(1) of Regulation no. 76/2012, the Ethiopian government permitted allotment as another means to distribute urban land based on the initial lease benchmark price to address the recurrent increasing of the urban land lease price for the poor. These provisions aim to provide relatively cheaper urban land to poor urban residents (FDRE, 2011; TNRS, 2012). As a result, approximately 80,000 households benefited from self-help housing programs in the Tigray region (see Chapter 5, p. 129).

Adding to the opportunities mentioned above, the federal and regional governments' general policy reform post-1991 is another opportunity for the land reform policy adopted in 1993, 2002, and 2011 to improve urban land administration.

International best practices in urban land governance, land markets, and policymaking are considered opportunities to achieve sustainable land management. One reality about land administration is that there is no single, robust, and universally accepted land governance, land market, and land legislation due to different development priorities across countries (Steudler *et al.*, 2004; Shibeshi *et al.*, 2015). However, there are international best practices in land administration. Currently, donors such as the German Federal Ministry for Economic Cooperation and Development (GIZ), Swedish International Development (SIDA), IMF, USAID, UN-HABITAT, and World Bank, among others, are supporting modernizing the land administration system in Africa (Obeng-Odoom, 2012). The existence of donors is a significant opportunity to realize fit-for-purpose land administration in Mekelle City. Nevertheless, in general, Ethiopia and Mekelle City will struggle to contextualize appropriate intervention tools.

#### 6.6.4 Threats

Since the first written Constitution in 1931, Ethiopia has seen three regimes: monarchical, military, and EPRDF. The regimes had three different administrations and ownerships concerning urban land (Wubneh, 2018). The change from one government to another had a tremendous impact on sustainable land administration due to policy priority changes (Crewett and Korf, 2008). In Ethiopia, land reform and land administration reform are political, leading the country to have an unstable future for land use and land ownership.

Urban land legislation at the local level was not given proper support by the Constitution beginning in 1991. The absence of legal consent by the Constitution imposed different academic and political disparagements. For instance, Crewett and Korf (2008) found clarity lacking in the Constitution concerning the distribution and allocation of urban land for residential purposes. In the case of rural land, the federal constitutions clearly state the right of the farmers to acquire land for free (FDRE, 1995). However, the right of urban residents to acquire urban land is neither enshrined in the Constitution nor are there procedures of acquisition and transfer of urban land to residents claiming urban land contained in the federal and regional legal systems. From the constitutional perspective, it is illegal to include the right of urban residents to get urban land in the land legislation without the recognition of the Constitution (FDRE, 1995; TNRS, 2006).

The threat mentioned above implies the political instability of urban land governance. The Urban Land Development and Management process officials indicated that the country has faced ethnic-based conflict in the last couple of years. The political instability across the country forced the municipality to spend its time in activities to curb rising ongoing challenges rather than rectifying the absence of governance. It also harms urban land governance, where service providers and other opportunists use this gap to chase their own benefit rather than respecting the land legislation.

Staff turnover is another threat hindering urban land governance. The Urban Land Development and Management process officials stated that the absence of “equal pay for the equal profession” in Ethiopia had increased staff turnover in Mekelle municipality. As a result, many municipality staff members are newly recruited with little work experience and knowledge about land legislation and related laws, and they need time to understand the land legislation fully. The statistics for the municipality’s headcount showed that more than 75 percent of the municipality staff have less than three years experience. Staff turnover, therefore, affects the city which is not able to apply land

legislation in its full scope, depth, and dimensions. It has also forced the municipality to spend part of its budget on delivering on-the-job and off-job training for new staff every year.

Mekelle City authorities have massive gaps in integrating stakeholders such as the Justice Bureau, Tigray Anti-Corruption Commission Bureau, Tigray Rural Land Administration Bureau, Tigray Region Water Bureau, Ethiopian Electric Power office, and Tigray Construction Road and Transport Bureau. The Urban Land Development and Management process officials stated that all the stakeholders mentioned above push the municipality for land allocation, but do not follow the post allocation process as required by the land law.

The absence of a post allocation follow-up process contributed to the lack of quality services and coordination in urban land administration and spilled over into corruption. Apart from this, the interviewee mentioned above stated that the federal government's lack of institutional and technical support is another threat to the municipality's land administration. Article 32(2) of proclamation no. 721/2011 stipulates that the Urban Development Ministry is responsible for providing capacity building to support the regional states and city administrations (FDRE, 2011). However, the ministry does not provide the necessary material, technical and capacity-building training to civil servants and this limit the capacity of the municipality to scale up towards sustainable land governance.

The land is a complex factor of production. The interviewed official of the Urban Land Development and Management process of the municipality revealed that some customers try to influence the city and claim to get benefits for which they do not qualify. It requires qualified judges to address such a claim. However, the absence of municipal courts creates a condition for free-riding by clients who believe that there are no channels for seeking redress within the municipality. Besides, the lack of adequate ICT infrastructure and financial constraints throughout the country poses a threat to deploying land and related technologies to serve land administration purposes.

## **6.7 Concluding Remarks**

This study presents the performance of urban land administration using Mekelle City in Tigray, Ethiopia, as a case study. A SWOT analysis was used to evaluate the municipality's land administration taking urban land governance, urban land market, and urban land policies as references.

A lack of accountability and transparency characterizes the land governance wing of the municipal-

ity. In addition, the relationship among the stakeholders is weak, hindering the quality of service delivery. As a result, the quality of service delivery is below standard. As for the lease system, land supply is declining as demand continues to rise. This imbalance has led to the rising price of land leases. Land policy is very complex and challenging to implement. For example, the preamble of the proclamation stipulates that a fair land lease market shall be developed in accordance with the needs of the majority of the population. However, in practice it is serving few individuals. Ensuring the efficiency of land use is the other main focus of the proclamation. In practice, however, land has become a hotbed of land speculation and corruption, including the existence of provisions prone to corruption.

As stated in Article 40 and Article 89 (5) of the 1995 FDRE Constitution, urban and rural land ownership is given to the Nation, Nationalities, and Peoples of Ethiopia and the State, and the government is responsible for ensuring that the land and natural resources are held in the people's name. The main reason the land was declared to be in the hands of the people and the government was to prevent the land from falling into the hands of a few and prevent feudalism. However, the government is currently the only actor who sells and exchanges land at will and has not proven fairness or efficiency. It is hard to find someone who does not complain in the land lease market right now. So, the new land use is modern feudalism.

Despite the country's long tradition in land administration and socio-economic transformation, the absence of professional qualified staff with the necessary land management skills and the lack of good governance hinder the land administration. The regime change that led to political instability in the post-EPRDF period, the frequent repeal and amendment of land policies, and the staff turnover were the main threats to the municipality's journey towards better service delivery. In addition, the absence of a digitized land market and lack of land banks adversely affect land lease auctions at the municipal level. Moreover, the inefficient and unfair land policies led to an illegal settlement in Mekelle City.

Given these challenges, the municipality faces a daunting task to realize fit-for-purpose land administration. This study concludes that while implementing good governance principles, operating the urban land market, and executing urban land policies, the municipality's weaknesses and threats exceed its strengths and opportunities.

## 6.8 Practical and Policy Implications

As land plays a vital role in people's lives, a land policy based on the people's socio-economic context, the country's political economy, and vision is needed. To ensure this vision and achieve sustainable urban land management, fit-for-purpose land administration is essential. This fit-for-purpose land administration requires sound urban land governance and dedicated leadership. However, the study found that the weaknesses and threats of urban land administration institutions outweigh their strengths and opportunities. Those challenges obscure the municipality's journey to realize fit-for-purpose land administration. Therefore, the following recommendations have been emphasized. Based on the findings of this study, the following key points are suggested.

1. The municipality and all relevant stakeholders should ensure sound urban land governance.
2. Federal and Tigray Regional Government should reconsider revision of their land policies and enact appropriate legislation to address the problems associated with land speculation and land market systems.

## CHAPTER 7

### CONCLUSION, RECOMMENDATION, AND FUTURE RESEARCH

#### 7.1 Introduction

The land administration community has gradually recognized and is driving to realize fit-for-purpose land administration that serves larger numbers of members of society (de Vries *et al.*, 2016; Hendriks *et al.*, 2019). However, the absence of good governance, market imperfection, and inappropriate policy is persistent in the SSA countries and negatively affects the aim to realize fit-for-purpose urban land administration (Enemark *et al.*, 2014; Amanor, 2017; Rahmatizadeh *et al.*, 2018). This study provides evidence from examining Mekelle City, the capital of the Tigray National Regional State, located in the northern part of Ethiopia. Following the rapid urbanization and population growth in Mekelle City since mid-1993, there has been an increasing demand for land use for various purposes. It is thus important to understand how the city's land administrators manage the land and direct its market pursuant to the interest of equity and efficiency.

This study is primarily a practical illustration of the implementation level of the principles of good land governance and customer satisfaction in urban land administration. However, the study goes beyond assessing the current urban land administration status of Mekelle City. It generates a good governance framework in response to the need to reconcile the urban land administration challenges of countries from a good governance perspective. Moreover, the study examines the dynamics and the determinants of the urban land lease market and the rhetoric and praxis of Ethiopian urban land policies. A SWOT analysis was carried out to synthesize the performance of urban land administration, taking good governance, urban land lease market, and urban land policies as reference points. It endeavours to bring a wide range of related literature to determine how the perceived assumptions work to the reality of good governance, the urban land lease market, and urban land policy execution.

This chapter discusses the main findings and conclusions drawn in the sub-studies that are reported in this dissertation. It brings them all together to reflect the research objectives, from which the theoretical, methodological, policy, and practical contributions of the research are drawn. The chapter then sets out recommendations for future research.



## 7.2 Chapter Summaries

Basically, this study attempts to address eight research questions drawn from five research objectives as outlined in the introductory chapter. This study employs several statistical models, econometrics, and non-parametric models, based on primary and secondary data, to address the research questions. Thus, the main findings relating to the specific objectives of the study, which were discussed in each of the main chapters, are summarized below.

The first objective of this study was to generate a good governance index towards responsive urban land administration. Accordingly, Chapter Two began by interrogating how land administration can be measured from a good governance perspective. Methodologically, a case study design was adopted. Utilizing a top-down approach where an initial comparative analysis of various studies on the principles of good governance was conducted, 11 principles with 55 sub-principles were identified as relevant for a good governance framework. The initial step was followed by a bottom-up approach in which 399 respondents were selected using a simple random sampling technique from the urban land lease auction list of Mekelle municipality to weigh the level of significance of the principles of good governance. The survey data, consisting of a close-ended questionnaire, was analyzed based on the descriptive statistics method. The main findings in this chapter indicate the importance of good governance principles in ensuring better urban land administration and boosting customer satisfaction. At the end of the analysis, the study found that the principles of good governance have different levels of implication to urban land administration. The aggregate analysis indicates that accountability, transparency, the rule of law, and public participation matter most to realize sustainable urban land administration. The quality of service delivery and customer satisfaction in urban land administration is comparatively ensured when the municipal governments are transparent and accountable for their decisions and actions, respect the rule of law, and allow public participation. The findings of this chapter complemented the limited understanding of how to evaluate the performance of urban land administration from the perspective of the good governance in the literature. A solution to the urban land administration challenges partly, if not exclusively, depends on the appropriate implementation of good governance principles.

The second objective of this study was to examine the implementation level of the principles of good governance and to identify the major determinants of customer satisfaction in urban land administration in Mekelle City. Following from the good governance index developed, in Chapter

Three the study examined whether urban land administration in Mekelle City is based on good governance. The study employed a pragmatic research design and combined both quantitative and qualitative approaches. A survey of a sample of 399 customers and 23 informants was interviewed using a semi-structured interview, and the data was analyzed using a logistic regression model and content analysis. The results of the study demonstrate that urban land administration in Mekelle City is characterized by weak governance. The study also found that the lack of accountability, transparency, limited public participation, rampant corruption, and violation of the rule of law are the major factors that affect customer satisfaction and compromise quality service delivery. Poor implementation of the principles of good governance as indicated above negatively impacted customer satisfaction with a 0.87 (87 percent) cumulative marginal effect. The cumulative marginal effect demonstrates that compared to the customers who agreed on the existence of good governance in the process of urban land administration, those who disagreed decreased their level of satisfaction by 0.87 (87 percent) marginal effect, while other factors remained constant. The city's profile is known for land grabbing, compensation disputes during infrastructure development, border disputes during land acquisition to different people, and services. The municipality did not record the local property value and identify the boundaries of each property. Due to the absence of a land bank, the city does not know its land size. Thus, there is a lack of quality service delivery and a fragile system of land governance.

The third objective of the study was to examine the dynamics of the urban land market in Mekelle City. A nomothetic methodology with a standardized and quantitative method of data analysis was adopted for this study. The data was gathered from the Mekelle municipality between 2014–2019. The data was analyzed using the pooled OLS regression technique. The model produced robust relationships and consistent results with previous studies. The main findings in this specific study show that the city's rapid urban land administration has generated intensified supply and demand-driven challenges. The price of the urban land lease has shown an increasing trend across the study period. The model suggests that the plot size and extended payment completion period have significantly increased urban land lease markup prices. Apart from plot size and extended payment completion period, it was found that bidders paid a premium for plots accessible to basic services and plots specified under residential housing. In addition, the bidder's monthly income and land lease auction period was found to have positive and significant associations with the markup price. Plots located in infrastructurally developed sub-cities and plots sold in the last three auction

periods also had a positive and significant association with the markup price. In contrast, the model identifies that distance and plot inaccessible to essential services have a negative and significant association with the urban land lease markup price.

The fourth objective of this study was to appraise the rhetoric and praxis of federal and regional state urban land lease policies. To assess the impact of the urban land policies in land governance and land market, the study reviewed the Ethiopian urban land policies at its rhetoric and praxis. An interpretive method of analysis was applied to appraise the congruence between the federal and regional urban land legislation. The analysis focused on two aspects. The first part of the analysis employed rhetoric-informed policy discourse analysis to evaluate whether the urban land policies in Ethiopia are inclined to the principle of efficient free-market or fairness. The second aspect of the analysis focused on a practice-based policy discourse analysis to evaluate the interviewees' opinions on whether the practices of the legislation are inclined to the principle of free-market or fairness. The study revealed that, albeit with the congruence of the legislation and inclusion of the principles of fairness and efficiency, urban land policies in Ethiopia achieved neither efficiency nor fairness. The urban land lease policy marginalized the poor sections of the Mekelle community. Apart from the lease tender, the results as presented in Chapter Five show that the self-help and public residential housing are unaffordable to the poor city residents. The urban land legislation is not practically supportive of the poor urban residents owning a house. The study found that the lease proclamation no. 721/2011 is exposed to speculation and illegal wealth creation. The inability to control land speculation has put the legislation's durability in question.

The fifth and final objective focused on examining urban land administration's performance in Ethiopia by using a SWOT analysis. The assessment integrates three dimensions of urban land administration: good governance, land market, and land policy, to provide a holistic view of the urban land administration traits. As mentioned in the introductory chapter, good governance, land lease market, and land lease policies are the main components of urban land administration. The main findings from good governance, land lease market, and land lease policies in Mekelle urban land administration are consistent with each other. Some of the findings are causes while others are effects. These causes and effects triggered customer dissatisfaction. This specific study systematically identified context-specific, enabling, and impeding capacity components in urban land administration. The study found that the main strength for urban land administration institutions

in Ethiopia revolves around service delivery reform. Lack of good governance is the most weakening factor that calls for attention. Despite the country's long history of land administration, the urban land policies achieved neither efficiency nor fairness, which are seen as a threat to realizing fit-for-purpose land administration.

In summary, the overall findings reported in this dissertation support the conclusion that Mekelle Municipality's journey to realizing fit-for-purpose and sustainable land administration has been unsuccessful due to governance, policy, and market failure. These failures, in turn, contribute to customer dissatisfaction. As has been stated many times in this study, good governance and appropriate land policy are the two main elements for reconciling the conflict of interest in land use and land ownership. The presence of these elements is crucial to achieve an all-inclusive land lease market. However, the study found that there is lack of good governance in Mekelle land administration. The proliferation of customer dissatisfaction in Mekelle land administration was found to be influenced by weak land governance. However, the scale of the phenomenon was seen beyond weak land governance as signal of policy failure and market failure. In this regard, the study found weak land governance as one contributor to customer dissatisfaction. Importantly, the most perplexing aspect of the failure relates to policymaking and futile political cycle. Policy failure was found to follow from poor policy formulation and implementation. In this study, poor policy formulation and implementation was found as the main causes of land market failure. While the poor policy is a policymaking failure, poor implementation is a governance failure.

Most importantly, transparency, accountability, rule of law, and public participation are among the principles of good governance that matter most in urban land administration. However, the principles mentioned above were not properly implemented in Mekelle municipality. The weak implementation of these principles violates one of the four basic principles of urban land lease holding proclamation 721/2011 which states that "the land delivery system shall adhere to the principles of transparency and accountability and thereby preventing corrupt practices and abuses to ensure impartiality in the process". From the side of land policy, in turn, the minimal level of community participation in policymaking processes negatively affected land governance given that public participation is among the fundamental principles of good governance.

This study found that there is an imbalance between supply and demand of urban land for allotment and auction in Mekelle City and that demand surpasses supply. Despite the shortage of land supply,

plots for sale were not sold in the first bid round. The main causes stated by the study participants were land speculation and corruption. Land speculation and corruption are caused by governance failure and policy failure. From the governance failure, land administration officials were found to be part of land speculation and corruption rather than prevention. This shows that the lack of accountability and the absence of mechanisms of controlling corruption in Mekelle land governance led to land speculation.

The land lease policy-making failure emanated from complexity and under-estimation of the modalities of land lease delivery. Although the 1995 FDRE constitution and the 721/2011 land lease proclamation granted land lease policy making to sub-national and municipal level to minimize inconsistency, the Tigray National Regional State land lease regulation and directive are a mere copy of the 721/2011 Land Lease Proclamation. As clearly stated in the Federal land lease proclamation and Tigray National Regional land lease regulation, allotment and auction are the two main modalities of land delivery in Ethiopia. The inclusion of allotment as a means of land delivery system is to achieve fairness, while auction is to achieve free market. This shows that Ethiopia's urban land policies were enacted to balance the principles of fairness and efficiency in land delivery. However, despite this rhetoric, neither fairness nor free market has been achieved in practice, and this failure emanated from governance failure.

Specifically, Article 24 sub-Articles 2 and 3 are prone to land speculation and corruption because these Acts allow a leaseholder to transfer a lease right to a third party without commencement of construction and the lessee can get 5% of the transfer lease value. This Article encourages land speculation. Apart from the Acts listed above, the low Compulsory Payment Order (CPO) is contributing to land speculation in Mekelle land lease market. From the findings stated above, it can be concluded that the governance failure and policy failure drives land lease market failure, contributing to customer dissatisfaction.

### **7.3 Originality and Contribution**

The literature reviewed in this study confirmed that there was limited study in urban land administration on the governance-related determinant factors affecting customer satisfaction, factors determining markup price in urban land lease market, and the congruence of urban land policies at the municipal and national level in the Ethiopian context. Thus, this study contributes immensely

to expanding the frontiers of knowledge on land administration generally, particularly urban land governance. The contribution can be categorized under three key contributions: expansion of the frontiers of knowledge generation and dissemination; resource pool for other researchers; and its contribution to policymaking through the findings and recommendations. The study's contributions are addressed below, paying attention to theoretical, methodological, policy, and practical contributions.

### **7.3.1 Theoretical Contribution**

The results of this study contribute to the existing literature on land administration, particularly in the Global South. Although various studies have been conducted on land administration across different countries, little is known about developing countries' contexts, particularly, and the case of Ethiopia is particularly worrisome. Therefore, this study's contribution from examining a city in Ethiopia is important in this regard. Applying the good governance index to urban land administration contributes to the body of knowledge in sustainable urban land management and contributes to SDG 11, "making cities and human settlements inclusive, safe, resilient, and sustainable by 2030". In recent years, the paradigm changes toward a global green economy have gained rapid momentum. More than 110 countries, many from low and middle-income countries, have vowed to achieve climate neutrality by 2050. The transformative policy reform will leave no country unaffected. It will open windows of opportunity for new economic activities, employment, and competitive advantages. Land is the main factor of production for economic development and the primary base to achieve the global green economy. The study contributes to goal no. 11 by tracing the performance of urban land governance, the dynamics of the urban land market, and urban land policies towards fit-for-purpose and sustainable land use, land ownership, and development.

### **7.3.2 Methodological Contribution**

Chapters Two and Five of this study resulted in the methodological contribution. Chapter Two contributed to the methodology by generating a good governance framework for urban land administration based on the clients' opinions. Previous studies that developed a sound governance framework outside the context of land administration used a few expert opinions to measure the significance of the principles (Biswas *et al.*, 2019). However, the studies have been criticized for neglecting the views of clients and the community who are the direct victims of the maladministration

and the beneficiaries of good administration (Grindle, 2017). This research combined top-down and bottom-up approaches to show the whole picture of governance research. A top-down approach was significant to cover various studies and identify the principles of good governance relevant for a good governance framework. In contrast, a bottom-up approach in which 399 respondents participated was used to weigh the level of significance of the principles. Hence, this study illustrates how the challenges of urban land administration can be appreciated from a good governance perspective.

Chapter Five also contributed to the methodology by combining rhetoric-informed and practice-based discourse analyses to show the whole picture of policy research presented in Chapter Three. As such, rhetoric-informed discourse analysis helped to provide a deeper understanding of policy reform while practice-based discourse analysis helped to uncover the politics behind the reform. Both rhetoric-informed and practice-based discourse analyses helped to trace the connection between policy and practice to develop all-inclusive and sustainable urban planning. This unique combination of methods captured the socio-economic and political dynamics of fairness and efficiency in land lease auctions and allotment in Mekelle City, and assisted in identifying the root causes of the imbalance of fairness and efficiency in land lease auctions and allotment.

### **7.3.3 Policy Contribution**

This study found that policy failure is among the basic causes of poor service delivery and customer dissatisfaction. Although the urban land proclamations, regulations, directives and policies are based on principles of efficiency and fairness, the findings of the study showed on the one hand that the policies and strategies mentioned above are not satisfactory enough to meet the urban land demands of the community. On the other hand, there is a gap between the rhetoric and praxis on the ground. In terms of policy, this study's findings will equip federal and Tigray National Regional State policymakers with much information to use in formulating and dealing with land administration policies. In addition, the policymakers can use the evidence from this case study to compare what is being done in the field with the gaps mentioned in the law to meet societal needs. Finally, the findings of this study will enable policymakers to take corrective action on the market distortions.

### 7.3.4 Practical Contribution

As repeatedly stated in this study, land is one of the primary resources of urban economy. The Mekelle City case study demonstrated that the implementation of good governance theories and principles in urban land administration could result in societal benefits. The study represents bidders, policymakers, lawyers, experts, and the community, and the approach produces comprehensive data based on practical experiences. Thus, the good governance index would serve as a helpful guideline for global institutions, national governments, and municipalities to apply the results of this study in weighing the status of governance structures in urban land administration.

It would also help municipalities decide which principle of governance to prioritize to achieve better urban land administration. It allows the city to enhance good urban land governance, figure out the dynamics of land demand and supply, and regulate the land market for the wellbeing of the residents, investors, and the urban economy. Although this study is based on one case study, the lessons drawn from the conclusion of this study could be relevant to other developing countries.

## 7.4 Recommendations

Urban land administration requires the efforts of all sections of society: the executive, the legislature, the judiciary, the private sector, investors, civil societies, and the communities. Land administration has a wide range of issues, ranging from allocating land and services in urban areas to developing and preparing the serviced land supply, land market and registration, licensing, monitoring, and evaluating land-related property values. Fit-for-purpose and sustainable urban land administration depends on the quality of service provided. The quality of service delivery and customer satisfaction require good governance and effective institutions. Achieving good governance principles is one thing; improving service delivery and customer satisfaction in urban land administration is another thing altogether. Therefore, it is vital to explore how to create a transparent, accountable, and participatory system of land administration institutions. Despite the government commitment to address urban governance issues, the desired change or improvement did not occur. The main reason for the problem is the lack of appropriate policies and the inability to implement even those issued in Mekelle.

Given the problems found in the study, the recommendation is articulated as follows.



1. The present study has made a detailed assessment to find out relevant principles of good governance that fit the context of urban land administration. In this assessment, both the academics and the urban community participated in the development of the index. However, when applied to assessing urban land administration practice in Mekelle City, findings in this study indicate worrisome weaknesses. Thus, Mekelle municipality should apply the principles prioritized in this study to address governance failure, to enhance quality of service delivery, and improve customer satisfaction.
2. The Mekelle municipal government and the Mekelle courts should encourage people to appeal against administrative grievances and injustices. Administrative injustices committed by lower authorities are governance problems in Mekelle urban land administration that should be solved by the governance tool.
3. The 1995 FDRE constitution declares the need for check and balance in all levels of government in Ethiopia. However, this check and balance do not exist in urban land legislation. The absence of this check and balance is a major threat to good governance. Therefore, first, the federal and Tigray regional governments should include check and balance in urban land legislation. Second, Mekelle City land administration officials and experts should implement check and balance to rectify internal and external land speculation. By separating the responsibilities of officials and experts into openly specified roles, the municipality can better ensure those dishonest employees cannot affect service delivery and customer satisfaction.
4. The municipal government should utilize report cards to gauge residents' satisfaction with service delivery. In doing so, the process should ensure confidentiality for participants. There should also be a clear and precise mechanism for seeking redress and a clear indication of where complaints can be logged and discussed. This mechanism will help alleviate the corruption and rent-seeking problems of both the residents and the service providers.
5. The study found supply and demand-driven challenges in urban land lease market. However, most of the challenges are challenges driven from governance and policymaking failure. For example, lease proclamation no. 721/2011 Article 24 sub-articles 2 and 3 is exposed to speculation and illegal wealth creation. Therefore, this study proposes that the federal and regional governments should modify the current urban land legislation to halt land speculation and illegal wealth creation.

6. The study found unclear terminologies in urban land administration legislation that have a potential impact on controlling corruption. As indicated under Article 3(21) of the Proclamation, Article 2(10) of the Regulation, and Article 2(47) of the Directive, projects having outstanding contributions to the success of the country's growth and transformation are categorized under "projects having special national significance." The term "special" is ambiguous because the meaning of special national significance is not clearly defined. This vagueness would have a spillover effect on Article 2(9) of the Proclamation, Article 2(15) of the Regulation, and Article 2(31) of the Directive. These Articles grant a person free land with allotment for a project with a special national interest. The open nature of this provision would lead to corruption and other wrongdoings in favour of considering a project under the special national project. Thus, land may be used for unintended purposes in the name of a special national project. Therefore, this study proposes that the federal and regional governments clearly define special national significance to halt corruption and other wrongdoings.
7. Despite the congruence of efficiency and fairness principles in the land lease policies, neither of them has been achieved in practice. The federal and regional governments should revisit their land policy and formulate appropriate legislation that addresses the problem associated with the land market systems. In doing so, they should also seek the cooperation and expertise of the respective stakeholders and academicians to limit the trend to repeal land legislation.
8. Another problem observed in urban land policies was the non-uniformity of urban land use and land ownership for old possession and new land leaseholders. Both federal and regional legislation acknowledge that old possessions that are not transferred to the third party or old possessions transferred through inheritance do not pay lease rent and utilize their urban land for an unlimited timeframe. On the other hand, leaseholders are expected to pay rent for a land lease they have won. This non uniformity is problematic from the point of view of fairness and equality. Hence, the federal and regional governments should introduce uniform land ownership and enact detailed national and regional policies on urban land use.

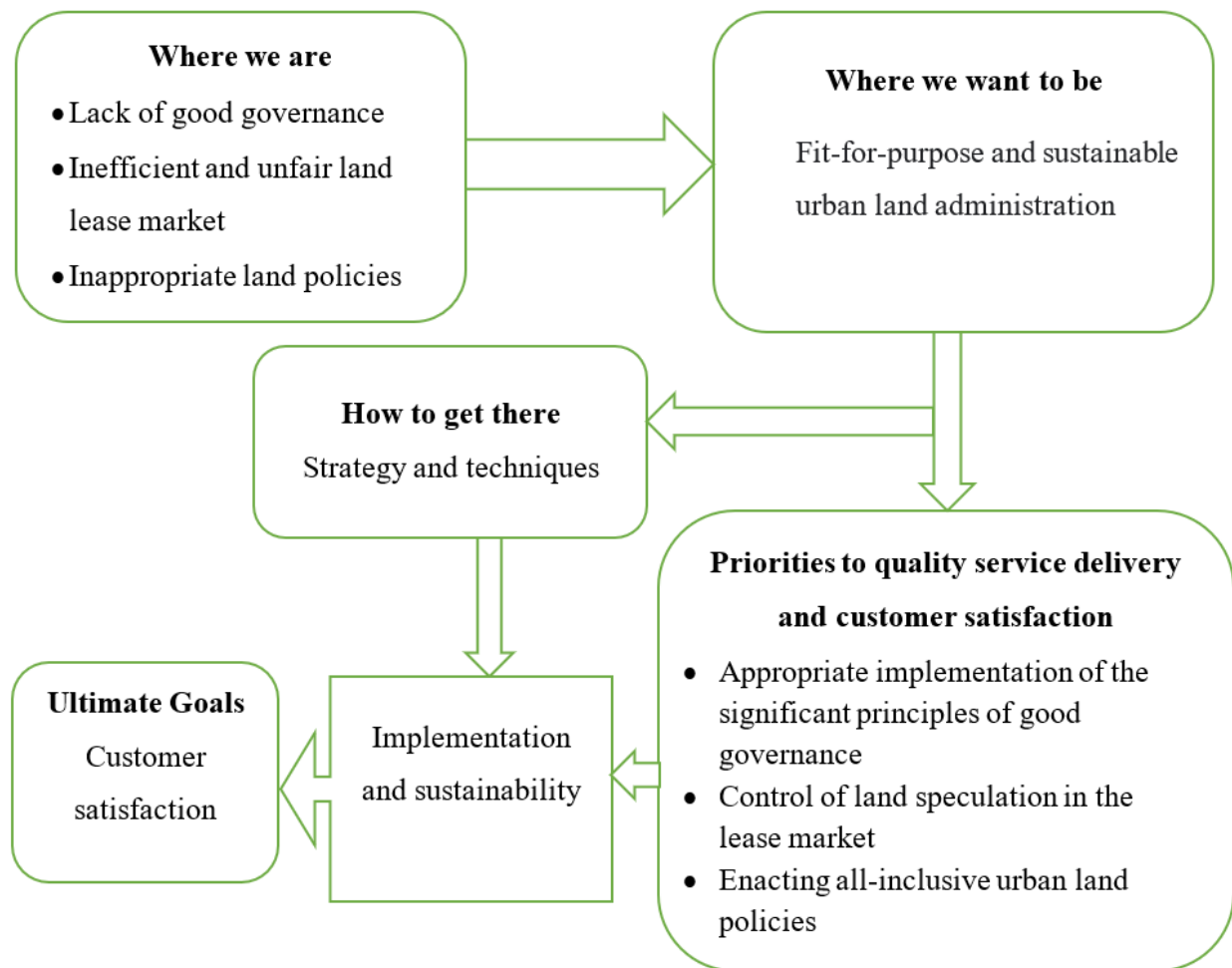


Figure 7.1: Synthesis of the recommendation

## 7.5 Future Research Directions

Based on this study's theoretical, practical, and policy outcomes, future research can be developed in the following ways.

The study perceives an inspiring prospect for future studies on urban land administration, applying the good governance index generated in this study to offer general input for policymakers. In addition, there is a global consensus of the need for the best Information and Communication Technology (ICT) to support digital transformation in public administration. It is specifically true in decentralized public administration, where the stakeholders need a modern technology that integrates them. Hence, additional research could focus on the digitization and integration of land management that spill over positively into the SDGs.

Cities are vital for economic growth (in fact, they are responsible for economic transformation), and if the land administration is not efficient, it can hamper development efforts. Hence, examining the link between urban land administration and the urban economy can help understand the main contributing factors of the urban economy and distinguish the effect of urban land administration on the urban economy.

The other critical issue, which is emphasized in this study, is conducting comparative analysis across countries. Each country has its exclusive natural resources, land ownership models, land valuation systems and markets, and land policies to shape the management system. Hence, a comparative analysis will capture the experiences across geographical variations to share among the relevant countries.

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## APPENDIX A

### SURVEY QUESTIONNAIRE (A)

#### A.1 The level of importance of the good governance in urban land administration

The followings are major principles of good governance in urban land administration. Please put the (X) mark in one of the respective alternatives based on the importance of enhancing good governance in urban land administration.

Table A.1: The level of importance of the good governance in urban land administration

Principles of Good Governance	1=Least Important	2= Less Important	3= Im- portant	4= More Important	5= Most Important
Effectiveness and efficiency (EE)					
Transparency (TR)					
Accountability (AC)					
Fairness and equality (FE)					
Public participation (PP)					
Responsiveness (RS)					
The rule of law (RL)					
Control of corruption (CC)					
Legitimacy and bureaucracy (LB)					
Tenure security (TS)					
Service delivery (SD)					

## APPENDIX B

### PUBLISHED PAPER

# **Good Governance Index Towards Responsive Urban Land Administration**

## **Empirical Evidence from Ethiopia**

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### **ABSTRACT**

Good governance is frequently used in academic discourse and common-place debate about how government, business organisations, and civic societies manage themselves and their relationship with the people within the sphere of service delivery. However, existing literature does not provide adequate evidence of how land administration is measured from a good governance perspective. The article provides a good governance index towards responsive urban land administration. Methodologically, a case study design was adopted. Utilising a top-down approach where an initial comparative analysis of various studies on the principles of good governance was conducted, 11 principles with 55 sub-principles were identified as relevant for a good governance framework. The initial step was followed by a bottom-up approach in which 399 respondents were selected using a simple random sampling technique from the urban land lease auction list of Mekelle municipality to weigh the level of significance of the principles of good governance. The survey data comprised of a close-ended questionnaire was analysed based on the descriptive statistics method. The findings demonstrate that accountability, transparency, rule of law, and public participation matter the most in urban land administration with a significant score of 0.109; 0.109; 0.107; and 0.103, respectively. The existence of accountable and transparent officials; respect for the rule of law; and community participation in policymaking can improve service provision; control

Figure B.1: Good Governance Index Towards Responsive Urban Land Administration: Empirical Evidence from Ethiopia

## APPENDIX C

### SURVEY QUESTIONNAIRE (B)

#### C.1 The implementation of the principles of good governance urban land administration

Concerning the indicators of good governance, you are requested to respond to each question by putting an (X) mark in one of the respective alternatives based on your perceived level of agreement. For this case, alternatives range from [Strongly disagree (1), Disagree (2), Neutral (3), Agree (4), to Strongly agree (5)]

Table C.1: The implementation of the principles of good governance urban land administration

Main Principles	Sub-Principles	1	2	3	4	5
Effectiveness and Efficiency Indicators	Availability of one-stop-shop service					
	Separation of front-office and back-office					
	Delivering services without imposing an undue cost					
	Speedy application for land lease					
	Effectiveness at addressing land-related problems					
Transparency Indicators	Transparency on land use, land valuation, and taxation					
	Clarity of the land allocation process					
	Public access to land-related documents					
	Availability of information about allocated land					
	Availability of information centre					
Accountability Indicators	Proper evaluation of the performance of officials					
	Public officials do what they promised					
	Officials liable for the effect of their decision					
	Subjecting to regular audits					
	Clear assignment of responsibility					
Fairness and Equality Indicators	Fairness in the decision-making process					
	Officials' impartiality to provide services					
	The existence of the first-come, first-served principle					
	Fairness on the valuation of land as per the market price					
	No delay of justice when land-related conflict occurs					
Public Participation Indicators	Client participation in decision-making					
	Provide awareness creation training					
	Hotlines to enable clients to report misconducts					
	Public meeting for sharing view and evidence					
	The intimacy of the city to its resident					
	Serving clients in a specified time frame					
	Responding to the client's question					

Responsiveness Indicators	Mechanisms for appeal Low level of pending conflict Legitimate conflict resolution institutions					
Rule of Law Indicators	Adherence to the land management legislation Legitimate respect for existing land rights Precise mechanisms for adjudication of land rights Restrictions on rights are based on the assessment Clarity of enforcement of land rights					
Control of Corruption Indicators	Service deliveries are free from nepotism Judicial authorities are free from bribery Decision-making is free from nepotism Use of public power as a platform for public benefit No payment for kickbacks to officials					
Legitimacy & Bureaucracy Indicators	Clients' access to justice Ethical codes of conduct Legally constituted tender board Law enforcement by the municipality The ability of the judges to impact discrimination					
Ownership Security Indicators	Quick conflict resolution Predefined territorial boundaries Security towards land tenure People feel free to express their opinion in public Safe municipality for vulnerable groups					
Service delivery Indicators	Public satisfaction survey on quality of municipality services Facility for citizen complaints Strong educational support to service delivery Produce data from the comment by the community Dedicated officials to serve clients					

## APPENDIX D

### INTERVIEW GUIDELINE (A)

#### D.1 Interview Guideline to different officials

1. What is your interpretation of good governance?
2. How do you evaluate the extent of implementing the principles of good governance in urban land administration? For instance, in terms of:
  - Effectiveness and efficiency of service delivery
  - Transparency in decision makings and accountability of land administration officials
  - Fairness in decision makings
  - Clients participation in decision making
  - The rule of law and clarity of enforcement of land law
3. How do you evaluate the level of abuse of resources in urban land administration?
4. What are the causes of the abuse of resources in urban land administration?
5. What are the effects of abuse of resources in urban land administration?
6. How do you evaluate the extent of political interference in urban land administration?
7. How do you assess the suitability of the existing institutional arrangement to implement the current land lease policies?
8. How do you assess the capacity development of your office? For instance, in terms of:
  - Skilled human resources and determination of officials
  - Institutional and organizational capacity
  - The coordination between your office and other stakeholders
9. Does the land lease implementing organizations have the means to assess the level of client satisfaction?
10. How do they evaluate the clients' satisfaction in service delivery?

11. What are the policy provisions to address the housing demand of low and middle-income populations?
12. What do you think about the affordability of land lease prices to the lower and middle-income groups?
13. Why is urban land lease price inflated in the city?
14. Do you think a land lease is appropriate to address the housing demand of low and middle-income populations? If yes, how? If not, what improvements do you suggest?
15. Do you think an appropriate land administration and management system is in place to ensure equitable land distribution for the people? Please justify your answer.
16. Are the land laws adequate and appropriate to support the urban land administration system?
17. How do rules, regulations, guidelines, and standards' concerning land leases made open to the public to promote the awareness of the policies?
18. What are the difficulties in implementing rules, regulations, and guidelines relating to the land lease policy?
19. How do you evaluate the alignment between the federal land policies and regional land regulations?
20. In general, what are the strengths of your office in delivering land-related service?
21. In general, what are the weaknesses of your office in delivering land-related service?
22. In general, what are the opportunities for your office when delivering land-related service?
23. In general, what is the threat to your office when delivering land-related services?
24. What are the possible alternatives to make the people and the municipality benefit from urban land lease policy?
25. What do you put forward as possible intervention areas, strategies, and policy recommendations to resolve problems surrounding the availability of land, the current land lease law, and its implementation?

## APPENDIX E

### INTERVIEW GUIDELINE (B)

#### E.1 Interview Guideline to different experts, judges, prosecutors, and bidders

1. How do you evaluate good governance in urban land administration?
2. What are the challenges of good governance in urban land administration?
3. How do you see supply of urban land compared to the demand for land in the city?
4. What do you think about the affordability of land lease prices to the lower and middle-income groups?
5. How do you evaluate the level of abuse of power in urban land administration?
6. What are the causes of the abuse of power in urban land administration?
7. What are the effects of abuse of power in urban land administration?
8. What external factors are influencing urban land administration?
9. How do you see the overall components of the urban land lease policy? In terms of:
  - Involvement of concerned stakeholders in the lease policy processes
  - Addressing chronic housing problems in the city
  - Just distribution of urban land among its citizens (especially the poor)
  - Controlling abusive government officials and land speculators
10. Do you think the urban land lease policy solves urban land management problems and housing shortages? If yes, How? If no why?
11. What challenges do you think facing this lease policy during its implementation?
12. In your opinion, what are the challenges and achievements of urban land administration in the city?
13. What do you put forward as possible intervention areas, strategies, and policy recommendations to resolve problems surrounding the availability of land, the current land lease law, and its implementation?

## APPENDIX F

### PUBLISHED PAPER

#### URBAN LAND GOVERNANCE IN ETHIOPIA: EMPIRICAL EVIDENCE FROM MEKELLE CITY

Hafte G Gabrihet and Pregala Pillay  
Stellenbosch University

##### ABSTRACT

As in many Sub-Sahara African countries, urban land administration in Ethiopia is characterised by governance challenges. Yet scholarly attention to the principles of good governance implementation and the quantification of the factors affecting urban land governance is inadequate. This study examines the determinants of customer satisfaction in urban land governance in Mekelle City, Ethiopia. The study employs a pragmatic research design and combines both quantitative and qualitative approaches. A survey of a sample of 399 customers and 23 informants was interviewed using a [semi] structured interview, and the data was analysed using a logistic regression model and content analysis. The findings of the investigation indicate that urban land administration in Mekelle City is characterised by weak governance. The regression analysis results reveal that the absence of accountability, the lack of transparency, little public participation, the existence of rampant corruption, and violation of the rule of law are the major determinants of customer levels of satisfaction. Thus, there is a lack of quality service delivery and a fragile system of land governance. The inferences hold

importance for policy implications in urban land management, especially for developing countries grappling with rapid urbanisation. The study contributes to the prevailing literature on applying good governance principles in urban land administration from a developing-country perspective.

**Keywords:** Customer satisfaction, Ethiopia, good governance, land administration, Mekelle City, urban land.

##### INTRODUCTION

The second half of the 20<sup>th</sup> century witnessed a new focus on public administration, where globalisation and democratisation put cumulative pressure on the traditional system of public administration. The pressure was designed to push back the state's boundary and share its political decision making with the private sector and civil society under which the concept of governance attained momentum (Bagai, 2016). Accordingly, governance was first used as an option to public administration by American diplomat Harlan Cleveland when he argued that "what the people want is less government and more governance" (Bagai, 2016). For Cleveland, governance is a system whereby

Figure F.1: Good Governance in Urban Land Governance in Ethiopia: Empirical Evidence from Mekelle City



## APPENDIX G

### ROBUSTNESS CHECK

#### G.1 Diagnosis test for heteroscedasticity

This was addressed by adding a robust command into the regression analysis

#### G.2 Diagnosis test for omitted variables bias

Table G.1: Ramsey RESET test using powers of the fitted values of lnRMP

ovtest		
Ho: model has no omitted variables		
	F (3, 2315)	1.49
	<i>Prob &gt; F</i>	0.2153

Note that the null hypothesis is rejected, and the alternative hypothesis was accepted because the *Prob > F* was not significant.

#### G.3 Diagnosis test for model specification

Table G.2: Diagnosis test for model specification

linktest					
Source	SS	df	MS	Number of obs = 2,335	
Model	1223.47486	2	611.73743	F (2, 2332) = 1742.36	
Residual	818.759385	2,332	.351097506	<i>Prob &gt; F</i> = 0.0000	
Total	2042.23424	2,334	.874993249	Root MSE = .59253	
lnrmp	Coef.	Std. Err.	t	<i>P</i> >   <i>t</i>	[95% Conf. Interval]
hat	2.627886	(1.391738)	1.89	0.059	[-.1012873 5.357059]
hatsq	-.0943578	(.0806639)	-1.17	0.242	[-.2525383 .0638226]
cons	-6.961085	(5.952791)	-1.17	0.242	[-18.6344 4.71223]

Note: The value of hatsq is not significant, and thus, this indicates that the model is correctly specified

#### G.4 Normality test

The residuals were almost normally distributed as indicated below

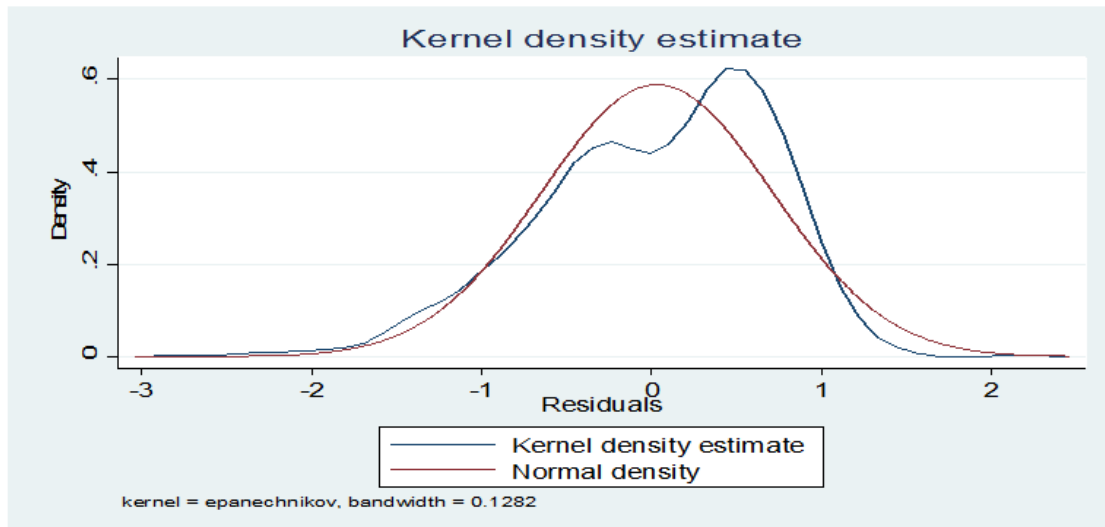


Figure G.1: Normality test

## APPENDIX H

### PUBLISHED PAPER

*International Journal of Economics and Business Administration*  
*Volume VIII, Issue 4, 2020*

*pp. 450-470*

#### **Determinants of Urban Land Lease Market in an Emerging Economy: Empirical Evidence from Ethiopia**

*Submitted 10/06/20, 1<sup>st</sup> revision 14/07/20, 2<sup>nd</sup> revision 25/08/20, accepted 10/09/20*

H.G. Gebrihet<sup>1</sup>, P. Pillay<sup>2</sup>

**Abstract:**

**Purpose:** The ultimate objective of the study is to examine the determinants of the urban land lease market in an emerging economy with empirical evidence from Ethiopia.

**Design/Methodology/Approach:** A nomothetic methodology with a standardized and quantitative method of data analysis was adopted for this study. The data was gathered from the Mekelle municipality between 2014-2019. The data was analyzed using the pooled ordinary least square technique. The model produced robust relationships and consistent results with previous studies.

**Findings:** The study found both supply and demand-driven factors associated with plot markup price. The findings revealed that plot size, payment period, monthly income, plots accessible to basic services, plot location, land use type, and land lease auctioned period associated positively and significantly with the urban land lease markup price. Auctioneers paid a premium for plots having a larger size, extended payment period, access to basic services, and specified for residential housing. On the other hand, distance, and plot inaccessible to basic services associated negatively and significantly with the urban land lease markup price.

**Practical Implication:** The rapid urbanization in Ethiopia has generated intensified supply and demand-driven challenges for public policy. Hence, the municipality should enhance infrastructure development across all plot locations and exercise strict control of land speculation to increase municipal revenue, and address supply and demand-driven challenges. Moreover, the municipal government should ensure equitable access to urban land by controlling land speculation.

**Originality/Value:** Several studies that have assessed urban land expansion and administration, however, paid less attention to the urban land lease market. Furthermore, in an economic sense, it is crucial to examine the urban land value determinants from both demand and supply side at a time when less attention has been paid thereto in the literature.

**Keywords:** Land, urban land, land lease market, markup price, Mekelle city, Ethiopia.

Figure H.1: The determinants of Urban Land Lease Market in an Emerging Economy: Empirical Evidence from Ethiopia

## APPENDIX I

### PUBLISHED PAPER



Figure I.1: The Rhetoric and Praxis of Ethiopian Urban Land Policies

## APPENDIX J

### PUBLISHED PAPER

# **SWOT Analysis in Urban Land Administration**

## **Empirical Evidence from Mekelle City, Tigray, Ethiopia**

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### **ABSTRACT**

The land administration community has increasingly recognised and worked towards realising fit-for-purpose land administration that serves most of society. However, scholarly attention to the SWOT (strengths, weaknesses, opportunities and threats) analysis in urban land administration is inadequate in sub-Saharan African countries. The study presents a novel SWOT analysis used in urban land administration in Ethiopia. The assessment integrates legal, political, operational, and technical conditions and provides a holistic view of the urban land administration pathways. The study was designed by merging three dimensions of urban land administration: good governance, the land market, and land policy. Data is synthesised from key informant interviews and secondary sources. It systematically identified context-specific, enabling, and impeding capacity components in urban land administration. The study found that the main strength for urban land administration institutions in Ethiopia revolves around service delivery reform. Nevertheless, a lack of good governance is the most weakening factor that calls for attention. Furthermore, despite the country's long history of land administration, the pro-rich land policies of the government are seen as a threat to realising a fit-for-purpose system. Overall, the synthesised study concludes that urban land administration weaknesses and threats surpass the identified strengths and opportunities in the country. The study contributes to the prevailing literature on applying SWOT analysis in urban land administration from Ethiopia's perspective.

Figure J.1: SWOT Analyses in Urban Land Administration: Empirical Evidence from Mekelle City, Tigray, Ethiopia

## APPENDIX K

### LANGUAGE EDITING CERTIFICATE

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24<sup>th</sup> February 2022

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Dear Sir/Madam,

**Declaration of language editing**

This letter confirms that I read through the dissertation

**An Assessment of Urban Land Administration in Sub-Saharan African Countries:  
Evidence from Mekelle City, Ethiopia**

by **Hafte Gebreselassie Gebrihet**

in August 2021 and highlighted language errors.

Following revisions resulting from examiners' comments, I have today read selected paragraphs and highlighted language errors therein.

Yours sincerely



Sheila Hicks