

7 Urban Development and the Politics of Expropriation

The EPRDF initially aimed to delay urbanisation until ADLI had delivered on its promise of industrialisation as a means of preventing the political instability that it feared would accompany mass urban unemployment. As with the early industrialisers, urbanisation in Ethiopia would take place in parallel with industrialisation, with growing industrial employment absorbing surplus labour released by an increasingly high-productivity agricultural sector. Like in many other late-late developing countries, however, this was not what transpired. Instead, demographic growth resulted in urbanisation without industrialisation (Fox 2012, Gollin et al. 2016, Jedwab et al. 2017). Faced with a growing urban population and political opposition in urban areas, the EPRDF responded to the political challenges of the early 2000s by bringing urban areas to the centre of its development strategy. The ‘developmental state’ used its control of finance and land to centralise rent allocation, directing public and private investment to priority sectors, namely industry, construction and infrastructure, much of which was located in urban centres. This chapter therefore examines how the state’s efforts to accelerate structural transformation through urban development exacerbated the emerging distributive crisis resulting from the shortage of land and employment. The ultimate result was that urban expansion became a flashpoint for the underlying distributive failings of the development strategy.

Urban growth entails processes of: densification, whereby existing urban land is used more intensively, often through vertical expansion; and horizontal expansion into surrounding peri-urban areas (van Noorloos et al. 2019). This chapter focuses primarily on urban expansion into surrounding peri-urban and rural land. In cities and towns across Ethiopia, urban expansion has displaced rural landholders, exacerbating the demographic drivers of landlessness. Urban population growth and the state prioritisation of urban development place demands on the land delivery system. Land delivery comprises the ‘processes through which land becomes available in parcels suitably sized, priced and located for urban use’ for businesses and housing for those of varying

incomes (Rakodi 2006, p. 130). In other African countries, attempts at creating state-administered land delivery systems that regulate and formalise all transactions have been 'universally unsuccessful' due to the lack of state capacity and the prevalence of neo-customary land tenure and related authorities (Rakodi 2006, p. 129). Ethiopia is unusual in Africa in the dominance of state land ownership and the minimal role for neo-customary tenure. However, ethnic federalism presents an additional challenge to effective land administration. Ethiopia's ethno-linguistic federalism associates particular ethnic groups with a defined territory and provides for the self-administration of these resources by ethnic groups. In doing so, federalism implies a hierarchy of rights between ethnic insiders and outsiders, and is in tension with the constitutional equality between all Ethiopian citizens (Eshete 2003, Lavers 2018). Nowhere is this more relevant than in the multi-ethnic cities in the centre and south of Ethiopia, most of which were established as part of the southward expansion at the turn of the twentieth century. Federalism has provoked contestation over the 'ownership' of these multiethnic cities, while urban development has often heightened competition over valuable resources.

The analysis that follows shows how urbanisation proceeded rapidly under the EPRDF, at first in spite of and subsequently in response to government policies. The result has been waves of displacement from inner city slums targeted for redevelopment (Weldeghebrael 2019) as well as a massive expansion of towns and cities into rural areas, displacing large numbers of rural landholders. In doing so, urban expansion further undermined what had previously been the government's main distributive strategy – access to land. The government's attempts to utilise state land ownership as a means of facilitating and controlling this process were highly problematic, with the land delivery system failing almost everyone involved. For rural landholders, urban expansion meant expropriation with minimal consultation or compensation, and visible injustice as new landholders took advantage of the economic opportunity provided by what was once their land. Yet, the land delivery system also failed to provide sufficient, affordable land for urban development. The result was strong supply and demand pressures for *de facto* land privatisation in peri-urban areas and the expansion of informal settlements outside formal urban expansion plans. State land ownership – supposedly a means of limiting rent seeking – became a key means of rent seeking, with state officials, brokers and speculators making enormous profits from the creation of value entailed in the conversion of rural to urban land. In the context of federalism, meanwhile, urban expansion in southern Ethiopia frequently entails the displacement of rural ethnic 'insiders'

with multi-ethnic cities and inter-ethnic competition for numerical advantage in urban centres.

To develop these arguments, the chapter first sets urban development in historical context, briefly charting the origins of Ethiopia's towns and cities, and the changing place of urban areas in the EPRDF's development strategy. The analysis then focuses on the land tenure regime, highlighting the distinction between the urban and rural tenure and the challenges this presents to urban expansion. The challenge of urban expansion is examined through a case study of Adama – now the second largest city in Ethiopia by population and a key site of investment for the 'developmental state's' infrastructure projects. The analysis then broadens out to consider other Ethiopian cities and Addis Ababa in particular.

Urban Development and State Policy

Urbanisation in Ethiopia is primarily a phenomenon of the twentieth century onwards. Previously, in northern Ethiopia, the political capital was usually a mobile encampment that accompanied the Emperor as he travelled his territory, though important cities did emerge at Axum, Gondar, Harar and Lalibela, amongst others (Pankhurst 1982). Prior to the nineteenth century the largest towns probably had populations of no more than 10,000 (Donham 2002, p. 15). Subsequent urbanisation was constrained by both the land tenure regime under the Imperial, Derg and EPRDF regimes, all of which acted as a disincentive to migration, and the lack of economic dynamism in urban centres (Clapham 1988, Donham 2002, de Brauw and Mueller 2012).

Urban development in the twentieth century was intricately intertwined with the Imperial modernisation and state-building project. Addis Ababa was established in 1886 by Empress Taytu in an area previously known as Finfinne in Afaan Oromo and occupied by Tulama Oromo pastoralists (Zewde 2008b). Shortly afterwards Emperor Menelik moved his capital from Ankober to the strategically positioned Addis as he pursued the southward expansion of the empire. Addis was initially just another temporary capital, but was gradually consolidated as the permanent political capital based on the introduction of government and central bureaucracy, foreign diplomatic legations and the completion of the Addis Ababa-Djibouti railway in 1917 (Wolde Michael 1973, Zewde 1991). Many other towns in the south also began as military garrisons used to hold down recently conquered populations and territory (Wolde Michael 1973, Pankhurst 1985, Benti 2002, Donham 2002). Others were established along the new railway, at Bishoftu

(Debre Zeit), Modjo, Adama (Nazret) and Dire Dawa. The result was that most towns in the early twentieth century were situated in recently incorporated southern Ethiopia, rather than the historic north (Donham 2002), while the urban population was predominately from the north. Gradual urban expansion was arrested by the revolution. Rural land redistribution reduced urban growth rates, while the nationalisation of urban land, abolition of tenancy and confiscation of second homes, removed incentives for property investment and abolished property taxes, a lucrative source of revenues for urban development (Rahmato 1984, Clapham 1988).

Urban development received inconsistent attention under the EPRDF. The TPLF began as a rural insurrection and the Front avoided occupying urban centres until late in the war (Young 1997, Hammond 1999). While urbanisation and structural transformation were the EPRDF's ultimate objectives when it came to power, these were seen as long-term ambitions. Urban areas were considered a potential source of political instability, and urban migration discouraged until industrial expansion had created sufficient employment to absorb new migrants. By the end of the 1990s, urban centres, and particularly Addis Ababa, were in a poor state with a desperate need for investment in housing and infrastructure.

The evolution of the EPRDF's development strategy in the first half of the 2000s was partly a response to urban politics, while this change in strategy had vitally important implications for urban development. Simon (2011), Minister of Communication and a close advisor to the Prime Minister, highlighted protests in Addis Ababa in 2001 as a key wake-up call that alerted the leadership to urban areas,

we didn't start work on urban centres until late 2004. We were still treating the urban centres just like rural areas. EPRDF didn't have the necessary experience nor the legacy from previous eras on how to run urban centres ... when the urban centres were becoming massive centres of discontent and protest, EPRDF had to take notice. We changed the entire leadership of the urban centres and designed urban development plans. (Simon 2011)

The need for urban development was reinforced by subsequent Armageddons. The 2002/03 food crisis underscored the inability of agriculture to indefinitely absorb population growth, while the 2005 elections revealed the extent of opposition support in urban areas. From the mid-2000s many key 'developmental state' priorities focused on urban development, and the transformation of Addis Ababa and other urban centres was presented as a symbol of Ethiopia's 'Renaissance' (Weld-eghebrael 2022). Indeed, as discussed in Chapter 6, the industrial strategy came to focus on urban centres, supporting firms through priority

access to cheap land, electricity, transport infrastructure and industrial parks. Furthermore, the construction sector was given 'top priority' for its job creation potential and its contribution to other economic sectors (MoI 2002b, p. 20). Among the more high-profile construction priorities was the Integrated Housing Development Programme (IHDP) launched in Addis Ababa after Arkebe Oqubay was drafted in as Mayor of Addis Ababa following protests in 2001. The programme aimed to build 300,000 new housing units through the redevelopment of inner city slums and urban expansion (Oqubay 2005). The programme was then extended to fifty-six additional towns and cities in response to the 2005 election fallout (MUDCHo 2015, p. 100). Ostensibly aimed at low- and middle-income households, the IHDP was part of the EPRDF's attempt to build a new middle class with ties to the incumbent that would expand the party's political base (Planel and Bridon-neau 2017), as well as a means of creating a savings culture in line with the government's 'developmental state' model. Furthermore, while the government attempted to direct domestic and diaspora investors towards manufacturing, it was instead real estate that attracted most investors (Goodfellow 2017b). The result, therefore, was that government priorities for industry and construction reinforced demographic trends, resulting in great demand for urban land. While the government certainly retained past concerns about the threat posed by unmanaged urban migration, it increasingly sought to capitalise on the economic potential of urban development (Ethiopia's New Climate Economy Partnership 2015).

Addis Ababa has long been the primate city in Ethiopia, at least ten times the population of the next largest (see Figure 7.1). However, the EPRDF made a concerted effort to direct urban growth to towns outside the capital to relieve pressure on Addis and to distribute economic activity across the country (Ethiopia's New Climate Economy Partnership 2015). In addition to the IHDP, this was achieved through regional and wereda decentralisation, and the expansion of higher education, with thirty-three universities established across the country. In the absence of a national census since 2007, all population data should be treated with some caution. Nonetheless, it is clear that though Ethiopia is among the least urbanised countries in the world – estimated at 19 per cent in 2015 – the urban population is growing rapidly at about 3.5–4.3 per cent annually (Angel et al. 2013, p. 2, Adam 2014a, p. 1972) and likely to triple by 2040. Moreover, while Addis Ababa continues to expand, most urban population growth took place in small and medium towns and cities.

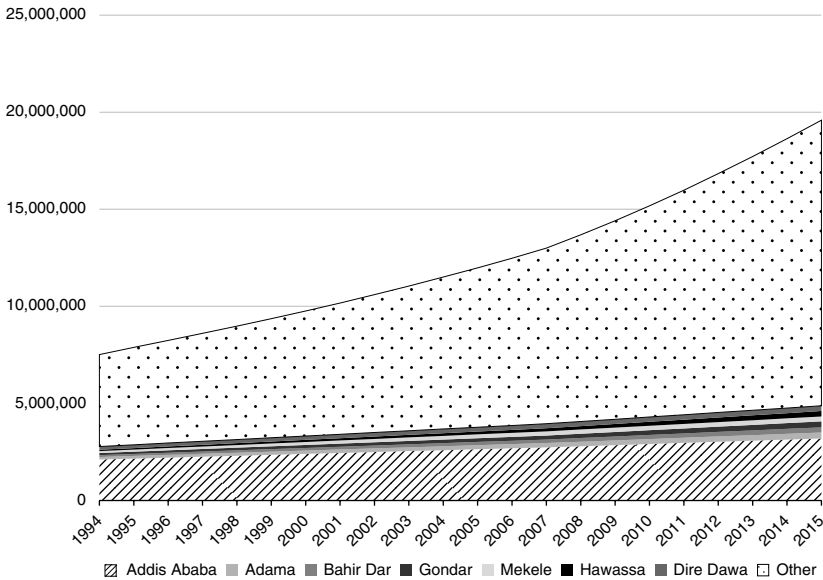


Figure 7.1 Urban population growth

Note: figures are available for individual cities for 1994, 2007 and 2015. Figures for other years are estimated based on these.

Source: author, based on CSA (1994, 2008), Ethiopia's New Climate Economy Partnership (2015), World Development Indicators.

Urban Expansion, Land Tenure and the Land Delivery System

Rapid urban expansion places a great burden on the land delivery system that provides required land, infrastructure and services. In Ethiopia, this land delivery system operated in the context of state land ownership and the state's attempts to use land tenure as a tool to allocate rents in line with its development objectives.

Land nationalisation under the Derg resulted in a lack of investment in housing, limited urban land supply and revenue shortages. On coming to power, the EPRDF sought to address these failings and established a very different urban land tenure regime system to that in rural areas. While rural tenure initially prioritised peasant protection and constrained market forces, from the beginning, urban tenure would employ 'free market principles' within the constraints of state ownership (FDRE 1993). The government established an urban leasehold system in 1993, apparently influenced by Chinese reforms (Goodfellow 2017a), that enabled

landholders to rent, sell and mortgage their leases and the property built on the land. While rural land administration is relatively decentralised to regional level, the federal government reserved the exclusive right to issue urban land proclamations (FDRE 1993, para. 16, 2011, para. 33).¹

While this system approximated an urban land market, it was a highly constrained one with the state retaining significant powers to use urban land as a development tool. First, the state controlled the land delivery process, identifying land for new urban development, clearing the land, providing basic infrastructure and then distributing it. Land could be distributed either through competitive tender or by state allotment for priority activities, such as housing, manufacturing, government buildings and social services. Furthermore, leaseholders were required to use the land for specified purposes and to develop it within a set timeframe, with the state retaining the power to expropriate the land of those that failed to meet these conditions.

Second, the state retained sweeping powers of expropriation of rural and urban land to promote ‘development activity’ wherever it is deemed to be in the ‘public interest’ (FDRE 2011, para. 26, see also 2005b). Indeed, these powers were enhanced in the 2002 proclamation to limit the ability of urban landholders to resist state expropriation (Kifelew 2009, Weldeghebrael 2019). A key requirement for the state to be able to use the land tenure system as a means of allocating ‘rents’ in line with its development objectives is that compensation paid for expropriated land is minimal, reducing the cost to the state and enabling the provision of low-cost land to preferred projects. The 2005 expropriation proclamation required the state to pay replacement costs for property constructed on land, and, for rural landholders, ten times farmers’ average annual income over the last five years (FDRE 2005b, para. 8).² Yet, this means that compensation was very low compared to the value of land once it is reclassified as urban or investment land, or compared to what would be required for individual farmers to either rent land elsewhere or to establish an alternative livelihood.³ Meanwhile, in the context of high

¹ Regions became more assertive since Meles’ death in 2012, demanding the power to set their own urban land policy. Thus far, the federal government has resisted, however (Interview with respondent EG36, Ministry of Urban Development, Addis Ababa, 3 October 2018).

² The compensation proclamation was revised in 2019, requiring consultation with landholders one year before expropriation and increasing compensation to fifteen times the highest annual income in the last three years (FDRE 2019, para. 13). Rural landholders and their adult children incorporated into expanding towns are to be given 500 m² for housing.

³ A recent study found that urban incorporation had a negative impact on most households due to low compensation and the lack of skills required to find work in the urban labour market (Mezgebo and Porter 2020).

inflation rates, compensation payments are quickly eroded. Situated between the rural land tenure system – where land formally has no value due to restrictions on sales – and the urban tenure system, urban expansion and the land delivery system were therefore means of creating value and massive rents through the re-zoning of peri-urban land. While ADLI earlier prioritised the protection of the peasantry, the ‘developmental’ state necessitated peasants’ low-cost expropriation as a tool of state-led development.

Urban expansion entails the extension of urban administrative boundaries, expropriation of rural landholders, preparation of the urban land and then its distribution. Cities have two boundaries: the administrative boundary demarcating territory that falls under the jurisdiction of the city administration; and the planning boundary that for most towns and cities covers the area to be integrated in the next 10 years, though for major cities this is 25 years. Within the urban administration, landholdings can either fall under the urban leasehold system or rural tenure, where land has been brought under the urban administration, but not yet expropriated and redeveloped (Kifelew 2009). While expansion of urban administrative boundaries may lead directly to expropriation of rural landholders, in some cases rural landholders remain in place for years until they are displaced. As such, peri-urban land falls in a ‘transitional zone’ between the two tenure systems, and distinct rural and urban land authorities (Adam 2014b, p. 90), whether cultivated rural land within the urban administrative boundary or within the planning boundary that is under threat of future incorporation.

The urban land delivery system proved deeply problematic and became a source of deep grievances amongst both urban and rural populations. Notably, the system failed to meet its central objective of providing a sufficient supply of affordable urban land. In part this is a financial problem. Urban land development requires upfront state investment to provide minimal compensation to expropriated rural landholders and, more significantly, services such as roads, water and electricity. This can cost up to 10–12 million *birr* per hectare.⁴ Although urban administrations are required to spend 90 per cent of land lease revenue on urban development (FDRE 2002b, para. 10.3), this revenue has proven insufficient. Auctions do result in land being leased at eye-catching rates. For example, in Addis land has been auctioned for as much as 307,000 *birr* per m² in 2014 (Goodfellow 2017a, p. 569) and in Bahir Dar for 80,000 *birr*

⁴ Interview with respondent EG36, Ministry of Urban Development, Addis Ababa, 3 October 2018.

per m².⁵ Nonetheless, most land is actually distributed through administrative allocation for priority projects at relatively low cost. According to one official in the Ministry of Urban Development, just 5–7 per cent of land is auctioned in most cities.⁶ This limits state income from land leases, while the government has failed to introduce a property tax that has provided important revenues in other ‘developmental states’ by capturing rising urban land values (Goodfellow 2017a). Not only do resource shortages impede urban land supplies, but limited land availability leads to very high prices for the little land that is auctioned, effectively excluding all but the most wealthy.

The shortage and high cost of urban land, along with the minimal compensation for expropriated rural landholders therefore provides the incentive for illegal land transactions and informal settlements, as well as great resentment by all involved. In many cases, farmers are well aware that it is only a matter of time until they are displaced with minimal compensation. Meanwhile, a range of urban residents seeking cheap housing and brokers seeking profits have been rushing to buy peri-urban land, establishing claims to that land within the urban jurisdiction after rezoning. The common way of doing this is to buy a farm and divide it into multiple plots, each with a small structure, which stand a better chance of being recognised by the urban authorities and allocated leasehold in the urban system.⁷ Consequently, rural landholders rush to sell so that they have money in hand before the government displaces them.

Inevitably, this process, and the enormous sums of money involved, leads to corruption as state officials seek to profit from the enormous rent creation. Land use planners commonly leak information to contacts who then have advanced information on expansion plans and designated future land use, and can buy out rural landholders.⁸ Furthermore, once people have bought land in peri-urban areas, their investment – based on illegal land transactions – is extremely vulnerable to state expropriation. Payments to officials can formalise land leases or at least ensure that the state does not intervene to expropriate. The challenge of administering urban expansion is further exacerbated by the division of land administration between separate urban and rural ministries and bureaux at

⁵ Interview with respondent EG36, Ministry of Urban Development, Addis Ababa, 3 October 2018.

⁶ Interview with respondent EG36, Ministry of Urban Development, Addis Ababa, 3 October 2018.

⁷ Interview with respondent EG36, Ministry of Urban Development, Addis Ababa, 3 October 2018.

⁸ Interview with respondent EG36, Ministry of Urban Development, Addis Ababa, 3 October 2018; SRG5, SNNPR Urban Land Administration Bureau; and ORG8, Oromiya Urban Land Administration office.

federal and regional levels.⁹ Respondents report that there is little communication between the federal Ministry of Agriculture and the Ministry of Urban Development, and coordination problems are even more acute between the relevant regional bureaux.¹⁰

The 'Developmental State' and Urban Expansion in Adama

While Addis Ababa is the clear primate city, Adama is one of the secondary cities prioritised for development as a major political and economic centre. According to some estimates Adama was the second largest city in 2015 (MUDCHo 2015) and is among the fastest growing. The case of Adama therefore enables analysis of the dynamics of urban expansion, state 'developmentalism' and rural expropriation.

Adama was founded in 1916 along the Addis-Djibouti railway (Zewde 1991, Bulti and Sori 2017) and the city was boosted after the Second World War by construction of the nearby Koka Dam and Wenji-Shoa sugar estate (Zewde 2008a). The Derg's industrial push also focused on towns along the railway, including a Soviet-financed tractor assembly plant at Adama (Clapham 1988, p. 148). Under the EPRDF, the expansion of Adama has mirrored these earlier processes, with the city prioritised as an administrative and economic centre. Indeed, Adama is the site of several flagship projects and a symbol of Ethiopia's industrialisation drive. Greatly improved transport links through the Addis Ababa – Adama Expressway, completed in 2014, and the new Ethio-Djibouti railway, opened in 2018 (Terrefe 2022), provide access for the Adama Industrial Park focused on textiles and apparel, also opened in 2018. In addition, the Wenji-Shoa sugar factory was expanded in the late 2000s, adding some 9,000 hectares of plantation and a new factory (see Chapters 5–6). The IHDP was extended to Adama, with more than 3,000 units constructed by 2015 (MUDCHo 2015, p. 102). Nevertheless, this housing provision pales in comparison to population growth and the target of creating 60,000 jobs in the new industrial park. Yet the city currently has made 'no preparation for the housing need' that will come with the park.¹¹

Adama's population more than doubled between 1994 and 2015 and is predicted to increase fourfold by 2050 (Figure 7.2). The expansion

⁹ Oromiya had a brief attempt at integrating rural and urban land administrations in 2008–2010 and decided to re-integrate the two in late 2018.

¹⁰ Interview with respondent EG36, Ministry of Urban Development, Addis Ababa, 3 October 2018.

¹¹ Interview with respondent OAC1, Adama City Land Administration, 26 October 2018.

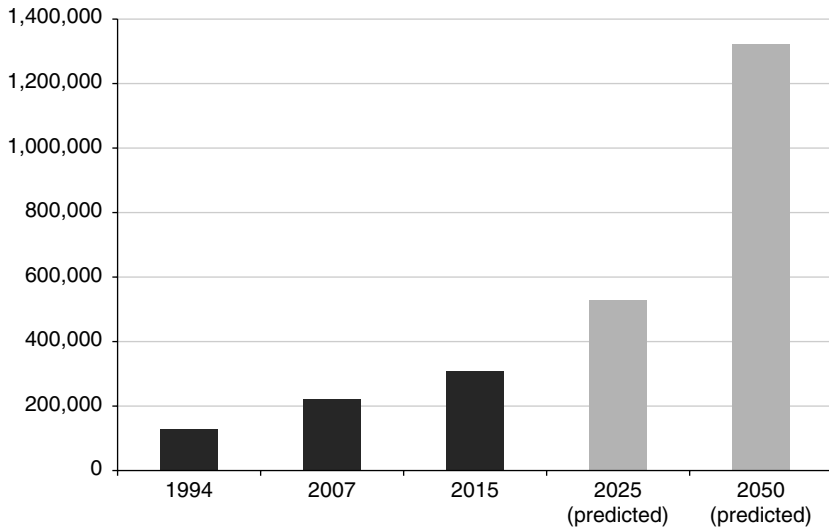


Figure 7.2 Past and predicted population growth in Adama City
Sources: author, based on (CSA 1994, 2008, Ethiopia's New Climate Economy Partnership 2015, p. 27).

of the built up area of the city has been even faster, more than quadrupling from 1,200 hectares in 1995 to 5,060 hectares by 2017 (Terfa et al. 2019, p. 8, see Figure 7.3). A further expansion to between 12,100 and 24,261 hectares has been predicted by 2040 (Angel et al. 2013, p. 3), with Adama expected to merge with Awash Melkasa to the south and Welenchiti to the East.¹²

Like many cities across southern Ethiopia, urbanisation in Adama is intertwined with the ethnic dynamics of state-building. From its foundation, Adama was settled by political and economic elites and migrant workers from northern Ethiopia, rather than the local Oromo (Ferdissa 2019). The city was given an Amharic name, Nazret, by Haile Selassie in 1944, and Amharic has always been the dominant language.¹³ Indeed, during the Imperial era, urban settlement was synonymous with use of Amharic and adoption of Orthodox Christianity (Donham 2002). By 1970, an estimated 68 per cent of Adama's population were Amhara and just 17 per cent Oromo (Ferdissa 2019, p. 341).

Ethnic federalism had an important effect on the city, as many others. According to the Oromiya constitution, proficiency in Afaan Oromo is

¹² Interview with respondent OAC2, former town planner, Adama, 12 November 2018, and OAC1, Adama City Land Administration, 26 October 2018.

¹³ The Amharic name for Nazareth in Israel.

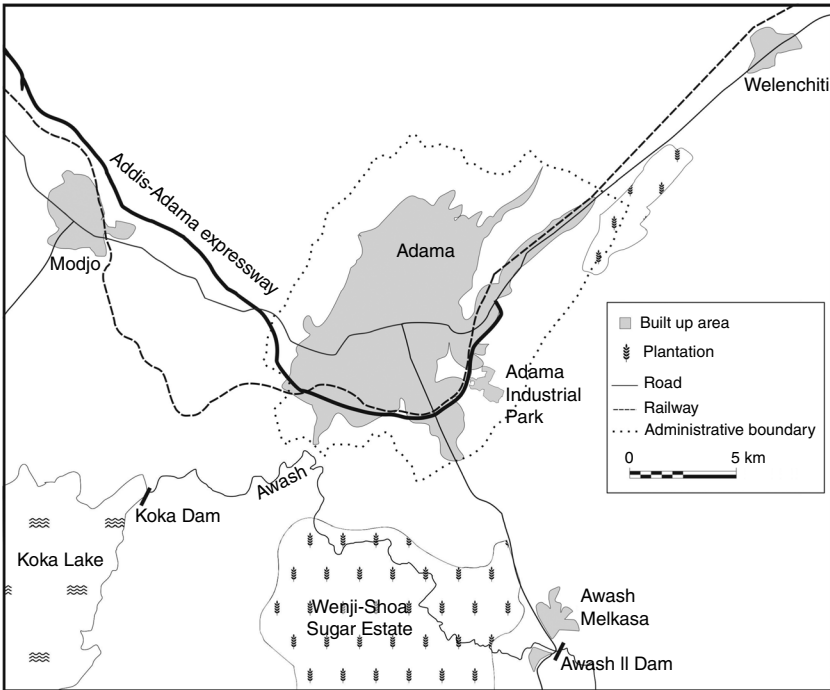


Figure 7.3 Adama and surrounding area
Source: author.

required of all regional office holders, a marked reversal from the previous dominance of Amharic. Moreover, the OPDO re-named several towns in Oromiya, replacing Amharic names with Afaan Oromo ones, including changing Nazret to Adama in 2000 (Woldemariam and Lanza 2014). At that time, Adama was briefly made the capital of Oromiya, ostensibly to better enable the development of Oromo culture. Though completely surrounded by Oromiya, Addis Ababa is a separate city administration with Oromiya retaining an undefined but constitutionally enshrined 'special interest' in the city (FDRE 1994, para. 49). However, the relocation of the capital was widely seen as an attempt to limit Oromo claims to Addis, resulting in protests led by the Mecha and Tulema Association across Oromiya in 2004. Moreover, the capital became an important campaign point for the opposition Oromiya National Congress in the 2005 elections (Benti 2002, Berhe 2020). The return of the regional government to Addis was announced after the 2005 elections as part of the EPRDF's attempts to win back popular support (Benti 2002, Vaughan 2011, Woldemariam and Lanza 2014, Berhe 2020). Since that

time Adama has served as a de facto second capital and capital of East Shewa Zone.

The city's expansion resulted in a change in ethnic composition. According to census results, the Amhara reduced from 68 per cent in 1970 to 35 per cent in 2007, while the Oromo proportion rose from 17 to 39 per cent (CSA 2008). This change has multiple causes, including the incorporation of Oromo rural landholders into the expanding urban jurisdiction and the recruitment of Afaan Oromo speaking officials to the regional administration. However, these numbers may be misleading. As many as 20 per cent of the Oromo population under the urban administration may be still residing in rural areas yet to be incorporated into the city proper (Ferdissa 2019). As such, Amharic remained the dominant language and there was an important inter-ethnic dynamic to urban expansion, whereby predominately Amharic speaking urban residents replace Afaan Oromo speaking rural residents. These changing inter-ethnic relations have not escaped tensions. Observers point to the destruction of the Amhara and Gurage-owned Ginb Gebeya business centre in May 2006 as the result of inter-ethnic politics and the political fallout of the 2005 elections (Kefale 2014, Ferdissa 2019).

Five rural kebele were re-zoned to the urban administration around 2007 and an updated masterplan in 2017/18 identified another eleven rural kebele for future expansion. However, coordination between rural and urban administrations has been problematic. Very often the town planners do not notify rural land administrations of the expansion plans.¹⁴ Meanwhile, the rural wereda at times wilfully ignores city expansion plans, for example, by allocating land for a private sugar plantation to the east of Adama, presenting a challenge to future expansion (see Figure 7.3).¹⁵

The former Dhabe Dhenkore Dhenku kebele lies at the forefront of this expansion. Situated in the southeast of Adama, the kebele has lost land to urban expansion, the Addis-Adama Expressway, the Addis-Djibouti railway and the Adama Industrial Park. A total of 1,300 people were displaced to make way for the 365.5 hectare industrial park.¹⁶ At the time of fieldwork in 2018, Dhabe had been fully incorporated into the urban administration, while the remaining Dhenkore Dhenku rural kebele is within the urban planning boundary and the planned 2,000 hectare expansion of the industrial park. As such, the kebele is situated within the transitional zone between urban and rural administrations, with rural

¹⁴ Interview with respondent OAC2, former town planner, Adama, 12 November 2018.

¹⁵ Interview with respondent OAC2, former town planner, Adama, 12 November 2018.

¹⁶ Interview with respondent OAC1, Adama City Land Administration, 26 October 2018.

landholders well aware that their land is targeted for future expansion, while many of those in Dhabe, under the urban administration, retain rural farmland.

The rationale for the selection of the industrial park site is clear – situated very close to the Adama railway station and the Expressway the site provides excellent transport links, Adama provides a ready source of labour, and the site presents the opportunity for expansion to the east.¹⁷ Indeed, the proximity of Dhenkore Dhenku to the rapidly growing city makes future displacement inevitable. However, the displaced farmers nonetheless resent that officials only approached them once the site had been selected to 'preach' about the benefits in terms of employment, electrification, roads, schools and urban modern life.¹⁸ In their view none of these benefits materialised.

Compensation and Expropriation

Displaced landholders are entitled to a plot of urban land to construct a new house – 500 m² plus an additional 200 m² for adult dependent children – and financial compensation for the loss of farmland. Dhabe Dhenkore Dhenku illustrates how compensation payments have increased over time as landholders have been displaced by a series of projects over a decade. When the Expressway construction began in 2010/11 landholders were paid 12 birr per m², which increased to 15.05 birr in 2012/13 for the railway construction. Most recently farmers were paid 53.45 birr per m² when they were displaced by industrial park. Despite this increase in compensation rates, both state officials and local residents uniformly considered payments to be far too low to compensate for displacement and loss of livelihood. As one landholder threatened by future expansion explained,

We farmers don't want to be urbanised because we lose our livelihoods and also we are not interested to receive small compensation and leave our land for the industry. The government should increase the compensation rate at least, we don't oppose development but we are worried about our family's destiny in the future.¹⁹

State officials acknowledged that compensation was insufficient and estimated that about 50 per cent of those displaced had quickly used

¹⁷ Interview with respondent OAC1, Adama City Land Administration, 26 October 2018.

¹⁸ Focus group discussion OAK4, with landholders displaced from the industrial park, 6 November 2018.

¹⁹ Focus Group Discussion OAK3 with landholders in Denkore Denku kebele, 6 November 2018.

up the money and were left with nothing.²⁰ Meanwhile local residents observed that,

The displaced finished the money and some are sitting idle, others are guards, and some even tried suicide by running to the trees with rope. It is difficult for a farmer to sit idle, because they have been working hard throughout their life.²¹

Displaced landholders and other local people were prioritised for job opportunities arising during the park's construction. However, once the park was completed, employment was limited to those that had completed grades 10–12, with jobs allocated through the state administration by quota: 15,000 for Adama town, 10,000 for Adama rural wereda and 5,000 for special consideration. At the time of fieldwork in 2018, the wereda had only been able to identify 6,000 graduates and was concerned about the prospect of missing out on 4,000 much-needed employment opportunities.²² Within Dhenkore Dhenku kebele there were about 50 unemployed and landless youths, though just two people – a brother and sister – had the required qualifications.²³ The federal Industrial Parks Development Corporation also established livelihood rehabilitation programmes for those displaced. These required displaced landholders to put some of their compensation in a bank account to start a cattle-fattening business, with twenty-six cooperatives established to support the project. However, farmers refused to leave their land without their full compensation and the project failed.²⁴

Informal Settlements and De Facto Privatisation

While compensation payments reached 53 birr per m², state respondents and local residents estimated that land could be sold in the illegal land market for anything from 400 birr up to 1,500 birr per m² for the best land located near new roads.²⁵ The reality of the 'developmental state's'

²⁰ Interview with respondent OAC1, Adama City Land Administration, 26 October 2018.

²¹ Focus Group Discussion OAK3 with landholders in Denkore Denku kebele, 6 November 2018.

²² Interview with respondent OAW1, Adama Wereda Investment Office, 6 November 2018.

²³ Interview with respondent OAK2, chairman of Denkore Denku kebele, 30 October 2018.

²⁴ Interview with respondent OAC1, Adama City Land Administration, 26 October 2018.

²⁵ Interview with respondent OAK2, chairman of Denkore Denku kebele, 30 October 2018; Focus group discussion OAK4, with landholders displaced from the industrial park, 6 November 2018, Focus group discussion OAK6, with landless youths in Denkore Denku, 2 November 2018; respondent OAC1, Adama City Land Administration, 26 October 2018; respondent OAC2, former town planner, Adama, 12 November 2018.

use of land to centralise rent allocation was that landholders were displaced at well below the going rate. The kebele chair rightly questioned, Is the government really poorer than individuals who can pay big money per square meter?²⁶

Farmers that sold land rather than waiting for compensation, according to the kebele chairman 'are now leading a luxurious life, but the rest who had collected compensation money are now poor and some are working as guards'.²⁷ Some farmers threatened with future expropriation noted similar examples,

Some farmers sold their land earlier and their life is totally incomparable with displaced farmers. Those who are able to sell $\frac{1}{4}$ hectare are richer today; some bought a house in Adama town, a few bought cars, others are engaged in [live-stock] fattening, and there are also others who opened restaurants. But the compensated farmers used the money to build a house and fence, and then the money is gone. Some even didn't finish their house properly.²⁸

Given these divergent experiences, it is hardly surprising that many rural landholders rushed to sell their land before it was expropriated with minimal compensation. At the same time, the urban land delivery system failed to develop sufficient serviced land to meet the growing demand of urban expansion. The result in peri-urban areas is a de facto private land market and informal settlements that ignore the city masterplan (Bulti and Sori 2017).

The city administration was well aware of illegal housing in the area surrounding Dhenkore Dhenku.²⁹ The rules state that any house built illegally after 2005 should be demolished while those built beforehand can be legalised.³⁰ Indeed, most state officials interviewed were adamant that illegal settlements would not be accepted,

There is no chance for legalising, it will be demolished. We don't give any compensation when demolished ... No one can legalise it, when the urban land administration wants the land for other purpose, it will be found occupied, so the land administration office will just demolish it.³¹

²⁶ Interview with respondent OAK2, chairman of Denkore Denku kebele, 30 October 2018.

²⁷ Interview with respondent OAK2, chairman of Denkore Denku kebele, 30 October 2018.

²⁸ Focus group discussion OAK4, with landholders displaced from the industrial park, 6 November 2018.

²⁹ Interview with respondent OAC1, Adama City Land Administration, 26 October 2018.

³⁰ Interview with respondent OAC1, Adama City Land Administration, 26 October 2018.

³¹ Interview with respondent OAC1, Adama City Land Administration, 26 October 2018.

Nonetheless, there are significant barriers to removing illegal buildings, from corruption of state officials to limited capacity and, ultimately, the political sensitivity of demolishing settlements. The Ethiopian Mapping Agency took aerial photos of Adama in 2010/11, which provide some basis for determining which houses are illegally constructed since that point.³² Yet, the permitted dwellings of rural landholders are interspersed with illegal constructions on plots that they have sold, with the result that there is no clear dividing line between formal and informal settlements, making it very hard for the urban administration to take action.³³

The land delivery system created enormous rents since it turned formally valueless rural land into marketable and often very valuable urban land. Inevitably, this rent creation attracted corruption, which itself became a major driver of the land market. Corruption affects both rural and urban land administrations. In rural areas, the administration gave, green lights for faster illegal constructions, when everyone understood that the area is about to be re-zoned and more interest develops in those areas to build houses.³⁴

But ultimately,

The corruption starts from our [urban] land administration office when some of the officers leak information about details of the master plan, where the roads will be, the residential, commercial areas etc. This helps the people to invest their money on a land, which is not falling in to roads or other public areas, which is corruption and informed decision for illegal house construction. Then the kebele officials who allow the construction to happen will also take bribes instead of stopping such attempts, so in every stage the chain of corruption keeps on.³⁵

This basic pattern is replicated across Ethiopia's towns and cities, as acknowledged by officials in the federal Ministry of Urban Development.³⁶ Indeed, the involvement of senior officials makes it very hard to take any action against illegal sales,

The big problem is with speculators working with government officials—the planners mostly. They know the land use arrangement of each parcel, then they go to landholders and get them to sell to the speculators. If officials are actors in this, then they don't want to be touched. We try to demolish informal structures but mostly it is impossible. If the family of a city administrator, a political

³² Interview with respondent OAC2, former town planner, Adama, 12 November 2018.

³³ Interview with respondent OAC2, former town planner, Adama, 12 November 2018.

³⁴ Interview with respondent OAC1, Adama City Land Administration, 26 October 2018.

³⁵ Interview with respondent OAC1, Adama City Land Administration, 26 October 2018.

³⁶ Interview with respondent EG36, Ministry of Urban Development, Addis Ababa, 3 October 2018.

appointee or a police chief is involved then you cannot touch them. Everyone knows the problem, but it is very hard to solve.³⁷

Moreover, there have been few routes open to displaced farmers or those threatened with expropriation to contest their eviction or the limited amount of compensation they receive. Where people have raised complaints, they were quickly labelled as ‘anti-development’ or members of the Oromiya Liberation Front,³⁸ a common means of delegitimizing their claims and forcing them to back down for fear of punishment (e.g. Adugna 2018).

Urban Expansion, Federalism and the Ethnic Ownership of Urban Centres

The dynamics highlighted in Adama play out in similar ways in cities across Ethiopia. The ‘developmental state’s’ investment in transport infrastructure and industrial parks, the decentralisation of politico-administrative office and the rural land crisis have all added to the demographic drivers of rapid urban growth across the country. Urban expansion combines formal processes of expropriating rural landholders with minimal compensation and informal land sales as brokers and speculators position themselves for the arrival of the city. Perhaps the main variation is between Amhara and Tigray – the historic core of Ethiopia, where urban development raises few questions of inter-ethnic relations – and the south – where the historical legacy of state formation is manifest in multi-ethnic cities, and expansion entails the renegotiation of inter-ethnic relations and, under federalism, the ethnic ‘ownership’ of towns and cities.³⁹

The population of Mekele, capital of Tigray and 96 per cent ethnic Tigrayan, increased more than three times over between 1984 and 2007 (CSA 2008), with the built up area of the city increasing sevenfold from 1984 to 2014 (Fenta et al. 2017). In 2010/11 alone, some 12,198 rural households were incorporated into the expanding city (Hailom 2017). One estimate for future expansion is that Mekele will increase to five times its 2010 surface area by 2040, reaching 30,000–40,000 hectares (Angel et al. 2013, p. 3). Likewise in Bahir Dar, capital of Amhara region

³⁷ Interview with respondent EG36, Ministry of Urban Development, Addis Ababa, 3 October 2018.

³⁸ Focus group discussion OAK6, with landless youths in Denkore Denku, 2 November 2018.

³⁹ As discussed in Chapter 10, competition over ethnic ownership of cities echoes Boone’s (2014) argument concerning how rural land tenure institutions shape inter-ethnic relations.

and with a population that is 96 per cent ethnic Amhara (CSA 2008), rapid recent expansion is expected to continue, with the city's built up area expected to reach four times its 2010 surface area by 2040 (Angel et al. 2013, p. 3). Achamyeleh Gashu Adam's research on Bahir Dar highlights many of the challenges that this entails. Brokers link informal settlers, priced out of the inner city by rising rental costs, to farmers under threat of expropriation, dividing land into plots and using local elders as witnesses for transactions (Adam 2014a, 2014b). The result is that as much as 30 per cent of the city's housing may be in informal settlements (Adam 2014b). While expropriation and displacement in Amhara and Tigray certainly results in grievances as rural landholders are cast aside, the limited ethnic diversity in these cities means that urban expansion does not exacerbate ethnic divisions.

Cities in Oromiya and other regions in southern Ethiopia face the same challenges, but in contexts in which urban expansion and population growth have sensitive inter-ethnic dimensions. Dire Dawa is one such city, located on the border of Oromiya and Somali regions and with a multi-ethnic population comprising large numbers of Oromo (33 per cent in 2007), Somali (23 per cent) and Amhara (29 per cent) (CSA 2008). Dire Dawa has grown rapidly, expanding more than fivefold in the EPRDF era (Makonnen and Mulugeta 2016). Though the city – historically Ethiopia's second largest based on its strategic position on the original railway – was first placed within Oromiya by the transitional charter, it was also claimed by Somali region as its capital. The potential for conflict over the status of the city led the federal government to intervene, placing it under separate administration in 1993 and Dire Dawa was finally made a federal charter city – outside the jurisdiction of either region – in 2004 (Kefale 2014, Midega 2017).

Hawassa in Southern Nations, Nationalities and Peoples Region (SNNPR) raises similar issues. The city was founded through a land grant in the 1950s, resulting in a population dominated by Amhara, Tigrayan and Gurage officials, as well as migrants from southern ethnic groups who took lower status positions. However, very few people from the Sidama ethnic group, the dominant group in the surrounding countryside resided in the city. Under the EPRDF, Sidama was originally to be an independent region, but was subsequently integrated into SNNPR, as one of numerous ethnic groups considered too small to be viable as administrative entities on their own (Vaughan 2003). Rapid expansion of Hawassa – as capital of SNNPR – has been tied up with Sidama claims for statehood and enhancing control of the city. A demonstration in favour of Sidama statehood was violently suppressed by security forces in 2002 at the loss of at least twenty-five lives (Mains

and Kinfu 2016, p. 654).⁴⁰ The 2005 elections brought about a change in strategy with the EPRDF cultivating Sidama support through the installation of a Sidama, Shiferaw Shigute, as SNNPR president, and promoting Sidama ownership of the city, including by changing the official spelling from Awassa (Amharic) to Hawassa (the Sidama spelling). Infrastructure development and land distribution in the expanding city were deliberately intended to 'overwhelm' the multi-ethnic city with newly integrated Sidama residents (Mains and Kinfu 2016; Kinfu et al. 2019, p. 78). The result was that by 2007 the Sidama were the largest group (49 per cent) in the area administered by the city administration for the first time, albeit that they remained the minority in areas defined as urban (18 per cent, compared with 25 per cent Amhara) (CSA 2008). Urban expansion has continued apace, not least given that the city is the site of the first and largest industrial park. Research has also highlighted informal expansion that goes beyond land use plans (Gebeyehu 2015). Given the political sensitivities associated with urban expansion and resistance to attempts to demolish informal settlements, the state has pursued a policy of regularisation, with some 17,920 illegal settlers regularised in 2017/18 (Lamson-Hall et al. 2018, p. 5, Kinfu et al. 2019).

Addis Ababa combines all of these processes and the pressures faced by the secondary cities, but at greater intensity. The capital is unrivalled in terms of economic activity, while real estate has attracted global investment that heightens competition for land. Moreover, the federal status of the city intensifies the political dynamics surrounding its ethno-political 'ownership' and expansion. As with many cities in Oromiya, Addis Ababa has long been a multi-ethnic city, with Amharic the dominant language. By 2007, the census showed significant populations from most ethnic groups, but the largest were Amhara (47 per cent) and Oromo (20 per cent) (CSA 2008). The status of Addis Ababa has long been contested and the city's expansion into peri-urban areas and displacement of the rural Oromo population has become a symbolic appeal for Oromo nationalists (Benti 2002).

When federalism was established in the 1990s, Addis Ababa was delineated as a federal chartered city, completely surrounded by Oromiya. Nonetheless, the constitution acknowledged Oromiya's 'special interest' in the city regarding governance of natural resources and 'administrative matters' (FDRE 1994). Nonetheless, Oromiya's special interest has never been specified in any detail. Addis has grown rapidly in the

⁴⁰ Sidama finally achieved statehood in 2019 based on a referendum with Hawassa forming the regional capital of the new state.

EPRDF era, albeit at a slower rate than the secondary cities. Population grew from 1.4 million in 1984 to an estimated 3.3 million in 2010 (UN-Habitat 2017, p. 11) and is expected to reach 5.9 million by 2030 (Terfa et al. 2019, p. 3). As a result, the city has displaced most rural landholders that remained within the city limits and is rapidly reaching the administrative boundary established in the 1990s that covers 54,000 hectares, as well as sprawling out beyond into towns along the main roads (Figure 7.4).

As the EPRDF's focus turned to urban areas in the 2000s, the initial response to the dire shortage and state of housing, and the lack of high-end services for international visitors to Africa's 'diplomatic capital' was to announce the re-development of 2,000 hectares of inner city slums (Weldeghebrael 2019, 2022). These slums were replaced by five star

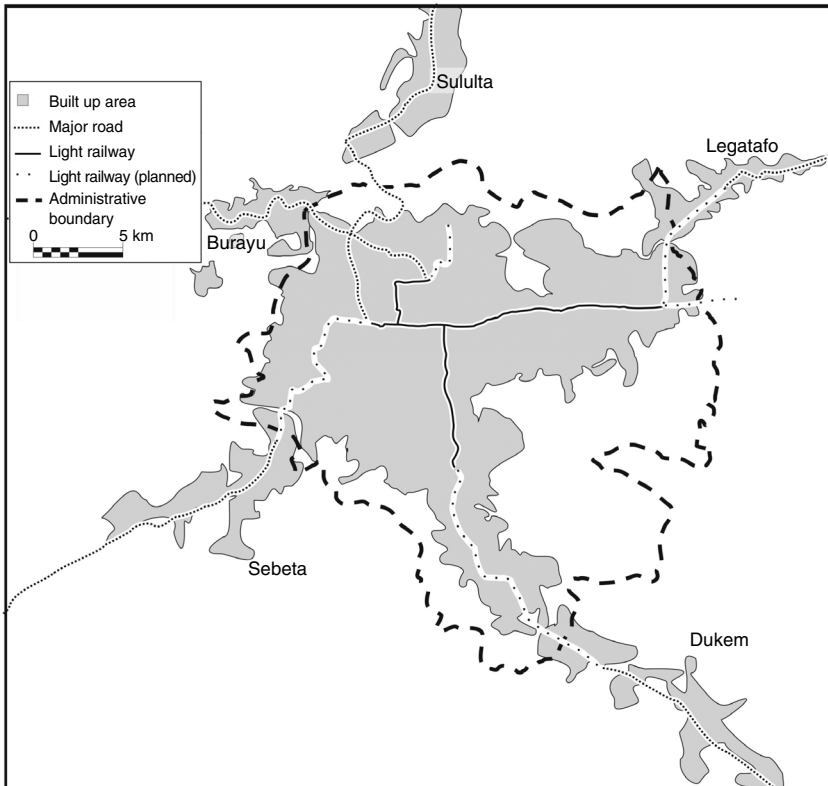


Figure 7.4 Addis Ababa and surrounding area
Source: author.

hotels, shopping centres and some condominium housing, though most of the new mass housing was constructed on the outskirts of the city, expropriating farmland in the process (Weldeghebrael 2019). The ruling party also used inner city redevelopment to clear the slums it had identified as opposition strongholds and post-election protests in 2005, with residents dispersed to multiple locations in the city's periphery (Di Nunzio 2014a, Weldeghebrael 2022). Inner city re-development offered only temporary respite, however, and the growth of Addis beyond its administrative boundaries is inevitable.

In 2009, the Oromiya government established the Special Zone Surrounding Addis Ababa in an attempt to coordinate its response to Addis' expansion (Ararssa 2015). Subsequently in 2012, the Addis Ababa administration started working on a Masterplan for the development of the city over 10 years. In 2013, the federal government asked this Masterplan office to expand its work to cover the broader metropolitan area, including the special zone in Oromiya, with only a handful of Oromo urban planners added to the original Addis Ababa team (Weldeghebrael 2014). The result was the *Addis Ababa and the Surrounding Oromia Special Zone Integrated Development Plan* covering an area extending 40–100 km from Addis over the next 25 years (2014–2038) (AASZDPPO 2013, p. 15). Formally a joint project of the Addis Ababa City Administration and the Oromiya Regional Government, the plan highlighted the past communication failures between Addis Ababa and the Special Zone, leading to 'uncoordinated and haphazard projects implementation with unintended outcomes on both sides' (AASZDPPO 2013, p. 8). The plan foresaw the creation of a 'permanent institution' comprising both administrations to oversee a 'common development program and projects' for Addis and the Special Zone (AASZDPPO 2013, p. 63). Notably, this focused on the towns of Sululta, Legatafo, Gelan, Dukem, Sebeta and Burayu situated on the roads leading out of Addis. These towns would be connected by Light Rail and Bus Rapid Transit links (AASZDPPO 2013, p. 34) and were targeted as industrial centres, including industry relocated from the centre of Addis Ababa and massive expansion of housing, enabling commuters to travel into the city (AASZDPPO 2013, p. 28).

The masterplan was driven by EPRDF parties, and lacked meaningful participation or consultation until the draft document was presented to OPDO officials in 2014 (Weldeghebrael 2014). As discussed in detail in Chapter 10, the expansion plan immediately exposed divisions within the ruling party and sparked mass protests demanding its withdrawal. The plan itself was not released publicly, leading to a great deal of rumour and misinformation. One common popular concern was that

the plan would lead to the annexation of the area surrounding Addis into the Addis Ababa administration (e.g. Ararssa 2015, Allo 2018, p. 171). Though the plan is rather vague on details, it would not appear that expansion of the city's administrative boundaries was proposed. Rather, by facilitating economic and transport linkages between the surrounding towns and Addis Ababa, the plan does raise the issue of ethnicity and the likelihood that Oromo rural landholders would be displaced by the expansion of the multi-ethnic and Amharic-speaking city. Moreover, under article 47 of the constitution, a population can request a referendum on the creation of a new region or change to the boundaries of an existing one (FDRE 1994). It is certainly possible therefore that the expansion of non-Oromo population into Oromiya could, in time, lead to a referendum and change to regional boundaries. Either way, popular protests against the masterplan began in Oromiya in April 2014 and though initially suppressed, they returned with a vengeance in late 2015. Even the withdrawal of the masterplan in 2016 was not enough to appease protestors, as discussed in Chapter 10.

The Addis Ababa City Administration subsequently formulated a 10-year Structure Plan, which, following the withdrawal of the Oromiya Regional Government, focused exclusively on the area within the city's administrative boundaries. Though the plan ignores the controversial issues tackled head on by its predecessor, these clearly have not gone away. Addis Ababa's population and the demand for land and housing continues to grow. The revised plan estimates that the city will require 1.2 million housing units in the next ten years to meet expected population growth, but that only half this amount can be accommodated within the city's limits (AACPPO 2017, p. 111). Indeed, it is clear that significant growth will take place outside the city's current administrative boundaries, whether this is based on a state plan or otherwise.

Conclusion

The EPRDF came to prioritise urban development as a central pillar of its 'developmental state' strategy. In urban areas, as in rural ones, state land ownership, along with state control of the financial sector, was a key tool by which the state sought to centralise rent distribution and thereby direct economic activity to priority sectors. The combination of rapid population growth, state policy, rural land shortages and real estate investment drove a rapid expansion of urban administrations into rural areas across the country. While vital to the government's developmental push, this urban expansion presented a major challenge regarding the EPRDF's distributive strategy, which had previously relied on ensuring

rural land access. In addition to the rapid population growth that has eroded the right to rural land, discussed in Chapter 5, state intervention to expropriate rural land users for urban expansion, infrastructure development and agricultural investment projects presents a particularly visible manifestation of the distributive changes involved in the Ethiopia's 'developmental state'

Yet, the attempt to use urban land allocation as a tool for the 'developmental state' has failed on all counts. Urban administrations have been unable to achieve their primary objective: to supply sufficient urban land to priority projects and thereby make land affordable and limit speculation. At the same time, the land delivery system exploits landholders in the urban periphery by displacing them with minimal compensation in the interests of 'development' projects from which they are excluded. Moreover, across southern Ethiopia, this urban expansion and exploitation exacerbates existing inter-ethnic tensions and promotes the politicisation of the ethnic 'ownership' of cities. The irony is that a land policy that was specifically justified as a means of centralising and controlling the allocation of rents has itself become a major source of rent seeking, speculation and corruption. Moreover, land in peri-urban areas has become de facto privatised with landholders selling land en masse before they are expropriated by the state, and brokers and speculators profiting through corrupt linkages with state officials. Urban expansion has created massive resentment amongst those displaced and those that fear impoverishment as a result of future expropriation, as brokers, investors and state officials profit at their expense.

Urban expansion and the displacement of smallholders in surrounding rural areas are, to some degree, an inevitable part of economic development and structural transformation. Just as in every other country in the world, urbanisation in Ethiopia is a traumatic process involving displacement, economic insecurity and the breaking of social ties. Where Ethiopia is notable is in the extent to which the state attempted to control this process, through expropriation and compensation of rural landholders, and the reallocation of land to alternate uses, rather than relying on market forces. In doing so, the ultimate aim of the 'developmental state' was to transform the Ethiopian economy through industrialisation and employment creation. The slow pace of industrial job creation and resulting high rates of unemployment exacerbated this distributive challenge, while the centrality of the party-state to the distribution of land, employment and other resources meant that it became a central focus for popular frustrations.