Peri-urban informal land market and its implication on land use planning in Gondar city of Ethiopia

Amlak Muhabaw¹ and Kassahun Gashu(PhD)²

Abstract

In recent times, peri-urban land use planning is challenging in contemporary urbanization in sub-Saharan Africa in general and in Ethiopia in particular. This study analyzes peri-urban informal land market and tenure security status and its implications in peri-urban land use planning around Gondar city of Ethiopia. It uses primary data collected through household survey, field observation and key informant interviews, which are complemented by secondary data from national legal and policy documents, and regional and city administration reports. The analysis utilizes descriptive statistics and chi-square test. The result showed that a plot acquisition from peri-urban areas passes through its own stages, which mainly start to identify a plot for sale, and ends with the confirmation of letter of agreement signed by transacting parties without legal ground to do so. It also indicated the main actors (land brokers, local peri-urban landholders, social and religious relations) in the peri-urban informal land market, traditional social institutions (Idir, equb etc) played a significant role in processing peri-urban informal settlements, and stabilizing land related conflicts by social sanctions.

Keywords: Informal land market; Bargaining; Descriptive statistics; Gondar city; Land registration and certification; Land acquisition

Introduction

Rapid urbanization leads to massive conversion of immediate peri-urban³ agricultural land into urban built-up area both formally and informally (Gough and Yankson, 2000; Kombe, 2005). Agricultural land in peri-urban areas transformed in to built-up through horizontal urban expansion that has an effect on land use value (Holden et al. 2008; Agegnehu et al. 2015; Fika & Rabe, 2018). Peri-urban areas could be defined as geographical spaces on the city periphery that have abrupt tenurial transformation, where land is in a state of conversion from individual agricultural uses to developed built-up area (Kasanga et al. 1996; Lombard, 2016; Locke &Hanley, 2016). It could also be described, in particular, as rural agricultural land immediately outside municipal boundaries with a higher than normal possibility of being urbanized and incorporated into urban territory (McGregor et al. 2006; Adam, 2014a).

In the Sub-Saharan African context, it is difficult to delimit and define peri-urban because of the predominant rural character of these urban periphery areas (Binns et al. 2003). However, one research has defined peri-urban areas as land within a 5 km radius of surrounding built-up towns and cities that are characterized by high rates of tenure transformation (Agegnehu et al. 2015; Fika & Rabe, 2018).

1 Debark City Municipality
2 University of Gondar, Department of Geography and Environmental studies, Corresponding Author, e-mail: kg19me@gmail.com
3 It is an area which is found in the periphery of urban areas where agriculture is practiced and may or may not be under the city administration.
Peri-urban land is a key natural resource that requires proper consideration in urban development (Adam, 2014a; de Souza, 2001; Payne, 2001; Toulmin, 2008). It is important to understand the nature of peri-urban informal land market and tenure security from existing literature (Adam, 2014a; Emmanuel & Emmanuel, 2012; Gabriel, 2016; Lombard, 2016; UN-Habitat & Urban LandMark, 2010). The misuse of peri-urban land not only wastes a scarce resource but also affects other sectors of urban development (de Souza, 2001; Fekade, 2000). The proper utilization of peri-urban land requires the recording of rights over land and conditions of use and facilitating the smooth transfer, on a market principle or otherwise, to other users (Payne, 2001; Yirsaw, 1993). Peri-urban land market, which does not run well functionally and successfully, might result in adverse development (Zevenbergun, 2007). However, in most cities of developing countries, peri-urban land market is inefficient and ineffective (Yirsaw, 1993; Kombe and Kreibich, 2000). This is also indicated in some studies (UN-Habitat & Urban LandMark, 2010; Gabriel, 2016) it often takes time to respond to changing circumstances, making it inefficient in the short term.

Informal land market is the predominant characteristic of peri-urban growth in most cities and towns (Gabriel, 2016; Lombard, 2016). A majority of urban residents, especially the poor, acquires access to property rights through transactions occurring outside state regulation and formal urban land markets (Rakodi and Leduka, 2003; Emmanuel & Emmanuel, 2012). Informal peri-urban land market is now accounted for the main way in which poor people access urban land informally in developing countries’ cities like in South East Asia (Angel et al. 2003), Latin America (Alan and Ward, 1985) and Africa (Kironde, 2000). The increasing prevalence of informal peri-urban land market in cities in developing countries has provoked a wide range of interventions on the part of municipal governments, national and international development agencies (Galiani and Schargrodsky, 2010). Some of these interventions are adapted from longer histories of processes of informal settlement and slum upgrading (UN-Habitat, 2003; Cartaya, 1994).

Informal peri-urban land market in many countries could be described as, informal settlement upgrading, illegal land development, and unbalanced urban growth (Kombe and Kreibich, 2000; UN-Habitat, 2003). Informal peri-urban land market in Ethiopian urbanization is accompanied by rapid urban sprawl, resulting in a transformation of agricultural land into urban land (Adam, 2014b; Holden et al. 2008). Farmers in peri-urban areas are inadequately compensated for their land (Tura, 2018; Wubneh, 2018; Adam, 2011; Van Dijk, 2009). According to the Federal Rural Land Administration and Land Use Proclamation No. 456/2005 and the Federal Expropriation Regulation No. 135/2007, the land transaction compensation fee for rural areas has three major components that are integrated as part of the compensation package which include crop cost, displacement cost and permanent improvement cost.

In order to show this with an example a researcher (Wubneh, 2018) depicts, suppose there is a farmer who has an acre of land (10,000 m²). Let us assume that the individual gets 25 quintals of crops from this farm, and at an average price of 1500 Birr per quintal, he makes a total annual income of 37,500 Birr. The displacement cost is supposed to be 10 times the average annual income earned during the five years preceding the expropriation of the land, thus the farmer would receive a displacement cost of 375,000 Birr. The farmer would also receive permanent improvement cost on land, which we estimate to be

---

4 It is an illegal exchange of land which is taken place in the periphery of urban areas which is related with an illegal occupation of land.
equal to half of the 10-year average income, which would be 187,500 Birr. Based on these estimates, his total compensation would be 600,000 Birr or an average compensation of 60 Birr/m². Researchers find that the displacement compensation does not represent a compensation for the loss of land use rights (Ambaye, 2013; Abdo, 2015) which is based on the calculation method which is neither scientific nor justifiable. Due to this low price of compensation package, researchers (Abdo, 2015; Alemu, 2015) also state that farmers prefer to informal land sale to informal settlers.

Informal settlements occupy an important place in the informal urban land market for the fact that housing development in these settlements has been guided by informal land markets (Holden and Otsuka, 2014). The factors that promote informal peri-urban land markets in Africa are poor land administration and registration systems (Kombe and Kreibich, 2000; Ambaye, 2013; Adam, 2014a; Payne et al. 2014). Within the context of limited capacity and highly constrained resources, many African countries struggle with outdated land recording systems, a lack of modern technology, and highly bureaucratic, inefficient and inaccurate registries (Toulmin, 2009; Weldegebriel, 2011). This, of course, makes the system of informal peri-urban land market administration vulnerable to corrupt practices. Urban informal peri-urban land markets in particular pose a challenge to existing land administration infrastructure in developing countries (Weldegebriel, 2011).

However, informal peri-urban land markets are considered to be illegal and chaotic in most Sub-Saharan countries (Rakodi and Leduka, 2003). Informal peri-urban land markets have their own forms of social ordering and systems (Nkurunziza, 2007). Actors in the informal peri-urban areas survive with their own initiative management system and land tenure relations (Rakodi, 2007). Like that of most Sub-Saharan countries, the illegal and unauthorized conversion of agricultural land into urban built-up property is very observable and vast in the peri-urban areas of Ethiopia (Fransen, 2008). Some authors pointed out that urban expansion creates unplanned and uncoordinated horizontal impacts related to high land tenure transformation and tenure insecurity in Ethiopia (Fransen, 2008; Haregeweyn et al. 2012). It is also noted that peri-urban farmers whose land rights are managed by urban administrations faced high land rights security threats in Bahir Dar city (Adam, 2014a). Because their properties are proximate to the city boundaries, they experienced potential relocation pressures due to urban expansion processes (Adam, 2014b).

Similar to other towns and cities in Ethiopia, urban centers in Amhara region faced informal peri-urban settlement that comprises construction on illegally occupied peri-urban land. There is lack of public awareness on land policy and the negative consequences of informal settlements. The magnitude of peri-urban informal development and dynamism of urban centers has direct relationship (Adam, 2014a). Informal settlement is common in fast growing urban centers. Lack of inclusive urban master plans is one major cause (Adam, 2019). Insufficient implementation of master plans has promoted informal and quasi-legal transfers; peri-urban land is held not for development but for speculation (Yirsaw, 1993).

This study took place in Gondar city, which is a historical city in Ethiopia. It has the challenge of rapid urban expansion (Belay, 2014). A result, it creates informal settlement that has been occupied illegally (Wu et al. 2013; Lombard, 2016). This aggravates informal peri-urban land market access to urban land (Gallaso & Tan, 2019). Illegal buildings, and illegal land uses are common practices in the city. This research essentially attempts to assess informal peri-urban land market and its implications on peri-urban land use plan of Gondar city. The specific objective is to identify the major actors and factors of peri-ur-
ban informal land market in the study area.

**Conceptual framework**

Peri-urban areas are important players to rural-urban interlink. They are not only categorized as juncture to urban and rural but they also demonstrate rural and urban functions much better than fully urbanized places (Locke & Hanley, 2016; Wogedie, 2018). Peri-urban informal land market is unauthorized land transactions dominated by conflicts related to access, control and ownership of land (Locke & Hanley, 2016; Wehrmann, 2008). Informal land market could be undertaken including informal settlements without utilities emanated from urban sprawl of wealthy people in some areas and to the poor people in many areas (Emmanuel & Emmanuel, 2012).

![Figure 1: Conceptual framework of the study](image)

Figure 1 above provides the conceptual framework of the study. It depicts the different concepts to be used in the study and their relationships. The upper section of the conceptual framework illustrates the relation among urban expansion, informal land market and land registration and certification. The lower part depicts the association of actors in informal land market, modes of informal plot acquisition and factors in informal land market and also their relationship among each other.

**Study Area**

Gondar is located in Northwestern Ethiopia 738 and 175 km from Addis Ababa and Bahir-Dar respectively [Figure 2]. Its altitude is 2200 m above sea level and located at 12°30’ North and 37°20’ East. Gondar city surrounds an area of 292.85 km2 (CSA, 2007). The average temperature is 20°C with 1172mm mean annual rainfall which could be categorized under the ‘Woina-dega’ climatic zone.
The total population of the study area is 207,044 (CSA, 2017). The city administration is organized into 6 sub-cities and surrounding 10 rural kebeles with 10km radius. Gondar is widely visited by many local and foreign tourists. There are many tourist attraction sites such as Fasil castle and many churches including Debre Birhan Selassie. In 2016, the report by Gondar City Culture and Tourism office indicated that 8731 local and 2534 foreign tourists had visited Gondar in the concerned year (Gondar City Culture and Tourism Office, 2016).
Methodology

Data
Combined sources of data provide the most effective way of gaining the necessary understanding of the problem under study (Vanderstoep & Johnston, 2009). Hence, this research used combination of qualitative and quantitative research methods (Cresswell, 2014; Leavy, 2017). Qualitative data (Kumar, 2011; Denzin & Lincoln, 2018) were collected using interviews of guides conducted with two land management officers in Gondar city municipality and four elders (two from peri-urban areas of Maraki and Azezo Dimaza sub-cities each) and two land brokers (one from each sub-city) using convenience sampling method. Observation about the tenure security situation in peri-urban areas was also done within 5km radius from the built-up areas by the researchers. Quantitative data were collected using structured and semi-structured questionnaire survey designed based on literature review on informal urban development, urban land use policy and legal rights on land. The survey results were used for supporting arguments and strengthen the case by providing statistical results.

Sampling techniques and sample size
Different researchers may use different sampling strategies (Stockemer, 2019) in different types of research. This research uses a three-stage sampling method which was employed for the selection of the sample respondents. Firstly, Gondar city was selected purposively as it is one of region-metropolitan cities in Amhara region where there is illegal expansion of settlements. Secondly, there are four sub-cities where informal settlement is very common. Out of these four sub-cities, two sub-cities of Gondar city (Maraki and Azezo-Dimaza) were purposively selected. The main logic behind selecting the two sub-cities is because of ease of accessibility to enlist respondents appropriately and the high prevalence of informal settlement and peri-urban land market. Thirdly, the selection of the respondents thus could be included informal settlers living in peri-urban kebeles designated under urban administration in Gondar city. In both sub-cities peri-urban areas, respondents were selected using simple random sampling techniques (Cohen et al. 2018; Kumar, 2011), giving equal probability of selection to all households in the selected peri-urban areas. The farmers subdivide a plot of farming area and sale it to different informal settlements for housing purpose. Presently, the expected total number of informal settlers’ households in peri-urban area of Maraki and Azezo-Dimaza is 544 (439 Maraki and 105 Azezo-Dimaza sub-cities) (Gondar City Municipality, 2018).

The sample size determination for survey sample respondents was calculated based on Yamane’s (1967) formula.

\[
n = \frac{N}{1 + N (e^2)}
\]

Where, \(n\): the number sample size, \(N\): number of total population, \(e\): the error of 5 percentage points designating to be at the 0.05 significance level

Hence, using the above formula (1), the calculated number of sample respondents are 213. The respondents were randomly selected from the two sub-cities peri-urban areas based on sub-city roster used as a sampling frame. The total sample size was distributed to the selected sub-cities peri-urban areas based on the following formula (2) proportion to size method to each sub-city peri-urban areas.

\[
n = \frac{N_i}{N} \cdot n
\]
Where, ni: sample size for each sub-city, Ni: population of each sub-city, N: total population of each city and n is total sample size.

Based on the above formula (2) proportional number of respondents in Maraki and Azezo-Dimaza sub-cities are 186 and 45 respectively.

**Data analysis techniques**

The collected quantitative data using survey questionnaire were analyzed using descriptive statistics (mean, percentage) and chi-square test. On the other hand qualitative data were analyzed through thematic analysis of systematically organizing the information and giving attention to opinions, feelings of households on different aspect of peri-urban informal land market in the study area.

**Results**

**Characteristics of respondents**

Among the 231 sample respondents, only 213 survey questionnaires were responded which is 92% response rate. Among 213 informal settlers’ residents in peri-urban area, the majorities (66%) were between the ages of 30 and 60 years, and about 9% were female-headed households. In terms of education levels about 9% of the respondents were not able to read and write; of the remaining, only 47% and 6% had attained elementary, or junior and above levels of schooling respectively (Table 1).

<table>
<thead>
<tr>
<th>Attribute of respondents</th>
<th>Maraki sub-city*</th>
<th>Azezo-Dimaza sub-city*</th>
<th>Total*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender (%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male headed households</td>
<td>131(78.1)</td>
<td>41(91.0)</td>
<td>172(80.7)</td>
</tr>
<tr>
<td>Female headed households</td>
<td>37(21.9)</td>
<td>5(9.0)</td>
<td>41(19.3)</td>
</tr>
<tr>
<td>Education (%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not able to read and write</td>
<td>26(15.6)</td>
<td>3(7.2)</td>
<td>29(13.6)</td>
</tr>
<tr>
<td>Able to read and write</td>
<td>55(32.5)</td>
<td>19(42.2)</td>
<td>74(34.7)</td>
</tr>
<tr>
<td>Elementary school</td>
<td>66(39.4)</td>
<td>17(37.5)</td>
<td>83(38.9)</td>
</tr>
<tr>
<td>Junior school and above</td>
<td>21(12.5)</td>
<td>6(13.1)</td>
<td>27(12.7)</td>
</tr>
<tr>
<td>Age in years (%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18-30</td>
<td>62(36.7)</td>
<td>12(27.5)</td>
<td>74(34.7)</td>
</tr>
<tr>
<td>31-60</td>
<td>101(60.2)</td>
<td>32(71.4)</td>
<td>133(62.4)</td>
</tr>
<tr>
<td>60+</td>
<td>5(3.1)</td>
<td>1(1.1)</td>
<td>6(2.8)</td>
</tr>
<tr>
<td>Total Number of respondents</td>
<td>168(78.9)</td>
<td>45(21.1)</td>
<td>213(100)</td>
</tr>
</tbody>
</table>

*Source: Survey Result

*Numbers in brackets are percentages

**Peri-urban land tenure security**

Most municipalities in Ethiopia sometimes focused on city growth potential and overlook the rights of peri-urban subsistence residents (Adam, 2015; 2019). The main purpose of peri-urban residents’, municipal land administration officers and land brokers interviews
was to assess peri-urban residents’ perception about land tenure security. Nearly all of the respondents reported to have land tenure insecurity problem, however, there is disparity between certified and non-certified in obtaining compensation. Researchers (Adam, 2016; Prindex, 2019; USAID, Undated) indicated that a prevalent problem in transitional peri-urban areas is the sense of land tenure security. In general, peri-urban residents felt that horizontal sprawl of urban areas would consume their land, which is their basic livelihood, and they would face challenges of personal declining of economic circumstances. Even, this feeling of land tenure insecurity is exacerbated more by rapid horizontal sprawl of urban fringe (Figure 2 and 3).

Land registration and certification in peri-urban areas of Gondar city

In this research the respondents stated that majority of the informal settlers’ in peri-urban areas bought their plots of land from non-registered and non-certified owners. Most of the respondents (93%) mentioned their plots of land have been registered, but still many (73%) stated that they were not certified. The fundamental reason for this is governmental institutions. Since peri-urban areas are designated to urban administration with 10km radius, due to existing discontinued land registration and certification practices, tenure security of peri-urban farmers is under threatening. Some researchers (Gallaso &
Tan (2019) pointed out that, the lack of landholding certificates has aggravated peri-urban farmers’ feelings of tenure insecurity. Moreover, peri-urban farmers assumed that their landholding certificate is not given because of the interest of municipality administration expropriating their land without or with low compensation (Wubneh, 2018).

As presented in Table 2, the tenure security situation between certified and non-certified farmers in the sample was assessed using a chi-squared test (*P<.01 levels). As indicated in Table 2 below, 156 (73%) of the farmers whose lands are certified and registered as assume that the expansion of urban areas will lead to eviction with compensation. The majority of the farmers with certified landholdings are confident that they will get compensation if their land is expropriated. Thus, land registration alone, without certification, does not provide land tenure security. Research results (Adam, 2011, 2015; Agegnehu et al. 2016; Moreda, 2018) show that while the urban sprawl has exerted more or less similar pressures on both certified and non-certified groups of farmers, those whose land is registered and certified have a better sense of land tenure security than farmers whose lands are not certified. Most of these farmers are also aware that they can resist any eviction attempts that may occur by taking their cases to courts, because their land is registered and they have received a certificate of their holdings. Land registration and titling confers a stronger sense of tenure security and eliminates land tenure uncertainties (Feder and Nishio, 1998; Ali et al. 2017).

<table>
<thead>
<tr>
<th>Registration</th>
<th>Number of certifications</th>
<th>Pearson X² test</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Count</td>
<td>Yes</td>
</tr>
<tr>
<td>Registered</td>
<td>156</td>
<td>12</td>
</tr>
<tr>
<td>Non registered</td>
<td>5</td>
<td>40</td>
</tr>
<tr>
<td>Total</td>
<td>213</td>
<td></td>
</tr>
</tbody>
</table>

Sources: Survey result
Note: *P<.01

The landholdings only 40 (19%) farmers in peri-urban areas who hold land adjacent to the urban border are neither registered nor certified, while 12(%) are registered but not certified. Delays related to land registration and certification result from competing landholding claims between municipality and peri-urban landholders. Urban municipality claim landholding rights on some lands near to the urban fringe, arguing that farmers are merely temporary users of unused urban lands that belongs to the urban boundary. But landholders raise alternative claims related to cultural, historic, and familial uses of these lands, saying that the lands were inherited from parents and were consistently used to support farming lifestyles and livelihood. It is also noted that the peri-urban land management complexities and need for system overhaul in Ethiopia (Fransen, 2008; Adam, 2019).

The reported income of the respondents (Table 3 below) indicates that over 48% of the respondents earn their income from employment (like being a security guard, daily laborer, and government employees). These activities are needed to supplement agricultural income primarily because of shortages of arable land. Those who led their lives based on other sources of income such as remittance, and pension comprise 5% of the total share while the rest 47% depend on the income obtained from farming and small-scale business. In general, as shown in Table 3 the income of 89% of the participants was below
1000 Birr; out of this 28% has an income of <500 Birr.

Table 3: Respondents’ occupation and monthly income (n=213)

<table>
<thead>
<tr>
<th>Respondents’ occupation</th>
<th>Respondents’ monthly income</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Govt Employees</td>
<td>0%</td>
<td>3%</td>
</tr>
<tr>
<td>Farmers</td>
<td>1%</td>
<td>9%</td>
</tr>
<tr>
<td>Daily laborers</td>
<td>19%</td>
<td>23%</td>
</tr>
<tr>
<td>Guards</td>
<td>1%</td>
<td>2%</td>
</tr>
<tr>
<td>Small scale business</td>
<td>7%</td>
<td>24%</td>
</tr>
<tr>
<td>others</td>
<td>3%</td>
<td>2%</td>
</tr>
<tr>
<td>Total</td>
<td>28%</td>
<td>61%</td>
</tr>
</tbody>
</table>

Source: survey result

**Modes of informal plot acquisition**

Peri-urban settlers in the study area have been using different ways or modes of acquiring a plot of land from the informal market. For example, Table 4 below depicts about 60% of informal plots are bought from rightful local peri-urban landholders, and about 26% of plots are received as a gift from relatives. Even, the local landholders may also transfer the land to those people who are engaged in construction of informal houses with speculation of profit in the future. That is why about 8% of informal houses are built on plots bought from previous informal buyers with some profit. As indicated in Table 4 below, the remaining 6% of sub-standard houses are constructed by local landholders themselves on their own agricultural plots. Therefore, the largest proportion of the land occupied by peri-urban settlers was neither public land nor vacant, but it was privately possessed by local peri-urban farmers and destined to be used for agricultural purpose only.

Table 4: Ways of plot acquisition by informal settlers (n=213)

<table>
<thead>
<tr>
<th>Ways of plot acquisition</th>
<th>Number (percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bought from local peri-urban landholder</td>
<td>128 (60.1)</td>
</tr>
<tr>
<td>Received as gift from families and relatives</td>
<td>56 (26.3)</td>
</tr>
<tr>
<td>Bought from previous informal buyer</td>
<td>17 (8)</td>
</tr>
<tr>
<td>Own rightful holding</td>
<td>12 (5.6)</td>
</tr>
<tr>
<td>Total</td>
<td>213 (100)</td>
</tr>
</tbody>
</table>

Source: Survey result

* Numbers in parenthesis are percentages

The action of local peri-urban landholders is against the constitutional provision that forbids land sale. The Federal Democratic Republic of Ethiopia’s constitution article 40(3) states that all land is public property in which citizens enjoy only use rights without the right to sell the land itself (FDRE, 1995). However, local peri-urban landholders are not only the primary suppliers of land to the informal urban land market but also they are involved in the unauthorized subdivision and construction of sub-standard residential houses on agricultural plots without permission to do so. The construction of unautho-
rized houses by the local landholders themselves on agricultural fields is partly due to an interest in future land value increase resulted from the incorporation of the land into urban jurisdiction.

The interviewees ponied out that, it is also worthwhile to see the factors that push local peri-urban landholders to subdivide their agricultural plots into pieces and later on to transfer it through sale and other mechanisms of transaction. Local peri-urban landholders’ expectation that their land would not stay with them for longtime in the future is the most important pushing factor to subdivide peri-urban agricultural land into pieces and sell it in the informal market. The largest proportions of local peri-urban landholders feel that sooner or later the city administration would take over their land for the urban expansion program. They have also a feeling that the compensation is not only insufficient but it will not be paid at the right time if their land is taken. As a result, they prefer to subdivide and sell their plots so that they can collect more cash by themselves than the compensation given by the city administration.

**Actors in peri-urban informal land market: Information on the availability of plot for sale and the negotiation process**

There can be various aspects of decision-making processes involved in the peri-urban informal plot acquisition process. The most important ones are issues related to search behavior informal land market which is seeking information about plot availability for sale and behavior of buyer and seller (Adam, 2014c). Buyers want to get information about the potential land sellers like reputation for good behavior and reliability. The informal buyer has developed trust and reliability behavior of the seller only after the process of negotiation for transaction would start. Studies indicated that social norms like trust and reciprocity seem to play a prominent role in the coordination of land transaction and regulation in the behavior of transacting parties (Rakodi and Leduka, 2003).

In the informal land market, initial negotiation between the seller and the buyer will start after having accurate and available information about plot availability for sale and reliability of the seller as preconditions. Interviewees mentioned that, local residents in peri-urban areas play as key information sources for buyers who want to buy a plot of land in the peri-urban area. The buyer checks from local residents who bought in a similar way in peri-urban area whether the sellers are the rightful local landholders themselves or informal settlers who came to the area some time earlier. The local residents who live in peri-urban areas act as sub-brokers who supply available information to the main brokers. As indicated in Table 5 below, about 46% of the peri-urban informal land market buyers obtained information about plot availability for sale from peri-urban local residents and rightful local landholders directly, while the remaining 43% of the respondents got information from brokers.

Interviews with urban land management officers in Gondar city municipality, main brokers, and elders in peri-urban areas of sample sub-cities reveal that the contribution of brokers to the peri-urban informal land market is even greater than that of the one reflected in the survey result. Land brokers are the main information diffusion sources about the availability of the plot for sale. Once, they got information, they disseminate it by talking to everyone whom they meet. They did this by speculating the commission they would get from the buyer and seller. Land brokers in peri-urban areas have wide range of social interactions through which they can get information about the availability of plots for sale.
Table 5: Actors and source of information about plot availability for sale (N=213)

<table>
<thead>
<tr>
<th>Actors and source of information</th>
<th>Maraki Sub-city</th>
<th>Azezo-Dimaza sub-city</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N</td>
<td>%</td>
<td>N</td>
</tr>
<tr>
<td>Local peri-urban landholder</td>
<td>27</td>
<td>16.1</td>
<td>8</td>
</tr>
<tr>
<td>Local peri-urban residents</td>
<td>54</td>
<td>32.1</td>
<td>9</td>
</tr>
<tr>
<td>Land brokers</td>
<td>67</td>
<td>39.9</td>
<td>25</td>
</tr>
<tr>
<td>Speculators</td>
<td>7</td>
<td>4.2</td>
<td>1</td>
</tr>
<tr>
<td>Social and religious relations</td>
<td>13</td>
<td>7.7</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>168</td>
<td>100</td>
<td>45</td>
</tr>
</tbody>
</table>

Note: N: Number; %: percent
Source: Survey result

The process of negotiation and bargaining starts, once the broker introduce the potential seller and buyer. In the process of bargaining, both the seller and buyer try to secure the best deal as much as possible. The central point of the negotiation and bargaining is usually the price in relation to the size. There could be a number of other issues that are taken into consideration during price negotiation process. These include location, size, and distance from public facilities like public road networks. The result shows that most of the buyers do not like to take the negotiation process by themselves during the initial phase, and about 58% of the prospective buyers use brokers and local peri-urban residents to open initial negotiation with sellers. The negotiation conducted directly between sellers and buyers’ accounts for 27% (see Table 6 below) on the informal peri-urban land market.

Table 6: Actors involved in negotiation and bargaining process of the informal peri-urban land market

<table>
<thead>
<tr>
<th>Actors involved in bargaining and negotiation process</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N</td>
</tr>
<tr>
<td>Direct buyers and sellers</td>
<td>58</td>
</tr>
<tr>
<td>Via brokers</td>
<td>123</td>
</tr>
<tr>
<td>Using social and religious elders</td>
<td>32</td>
</tr>
<tr>
<td>Total</td>
<td>213</td>
</tr>
</tbody>
</table>

Note: N: Number; %: percent
Source: Survey result

Peri-urban informal land market trend in the study area

Informal urban land market is a common practice for the fact that most of the participants in this research either bought the land from local landholders or got it from families/relatives in peri-urban areas. It is enshrined in the constitution that land in urban centers is owned by the government. Municipalities or city administrations are the defacto owner of the land. The prevalence of informal land market is very big in the city. The urban residents purchased peri-urban land informally to get access to the land. In the study area the informal peri-urban land market shows an increasing trend since 2008 from .55ha to 4.3ha in 2010. A total of 8.5ha of land was occupied within four years from 2008-2011.
(see Table 7 below), in this regard, the number of participants who were involved in this informal peri-urban land market increases time to time. This indicates that on average about 2.125ha/year of land was under informal acquisition in peri-urban areas.

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of informal plots purchased</th>
<th>Total number of plots purchased</th>
<th>Consumed area of land (Ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Maraki sub-city</td>
<td>Azezo Dimaza sub-city</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>20</td>
<td>14</td>
<td>34</td>
</tr>
<tr>
<td>2009</td>
<td>32</td>
<td>18</td>
<td>50</td>
</tr>
<tr>
<td>2010</td>
<td>86</td>
<td>20</td>
<td>106</td>
</tr>
<tr>
<td>2011</td>
<td>176</td>
<td>27</td>
<td>202</td>
</tr>
<tr>
<td>Total</td>
<td>314</td>
<td>79</td>
<td>393</td>
</tr>
</tbody>
</table>

Source: Gondar city municipality, 2016

In many Ethiopian cities and towns, the failure of the formal land supply has subsequently been seen as the main cause for the emergence of informal land transaction in peri-urban areas. Many households have turned to the informal peri-urban land markets to compensate the deficits of the formal land supply market. Rent seeking behavior has also been on the rise in the informal peri-urban land market, with high demand of plots of land for construction of houses for residential purpose. In this regard, land brokers and local peri-urban residence land suppliers are resorting to speculative behavior of irresponsible hiking in the value of land.

Factors accelerating peri-urban informal land market

There are many factors which accelerates informal peri-urban land transaction in Gondar City. According to the household survey, the major causes which aggravated informal peri-urban land market were found to be the high gap between demand and supply of land through the formal channel, inefficient urban land management, lack of good governance, location or combination of these factors. This is also confirmed by land management officers of Gondar city municipality who pointed out these factors as major bottlenecks.

<table>
<thead>
<tr>
<th>Accelerating factors</th>
<th>Number (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Imbalance between demand and supply</td>
<td>49(23)</td>
</tr>
<tr>
<td>Weak land governance</td>
<td>25(11.7)</td>
</tr>
<tr>
<td>Location</td>
<td>27(12.7)</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>112(52.6)</td>
</tr>
<tr>
<td>Total</td>
<td>213(100)</td>
</tr>
</tbody>
</table>

As presented in Table 8 above, the main cause that has escalated the informal peri-urban land market is the gap between demand and supply (23%) of urban land. Land in Ethiopia is owned by the people and the state and it is not subjected to sale or exchange. Local peri-urban residents sell land in the informal urban land market in order to fill the gap between demand and the formal urban land supply (UN-habitat, 2010; Max & Rorsten, 2007; Yirsaw, 1993). Those who cannot access urban land through the formal mode of access opt for the informal markets where plots are sold by local peri-urban farmers (Wel-
In general, one may conclude that the root cause of informal peri-urban land market in urban areas in Ethiopia is inability to get urban land through the formal mode of access. For example, a study pointed out in Bahir Dar city that the land supply in the city municipality is tragically inefficient (Weldegebriel, 2011). They also reported that the city municipality is currently unable to meet the demand of all the land requests.

**Discussion**

There is a high demand for informal peri-urban land market which has been held by peri-urban farmers with large fraction of peri-urban agriculture productivity. An increasing number of people try to solve residential needs by purchasing land informally from peri-urban areas. The principal actors interested in getting a plot of land informally from the inaccessible peri-urban areas are low-income households seeking for sub-standard residential purpose (Fekade, 2000). They are substantially urban poor who could not afford to pay either the increasing house rent or to buy formally built houses constructed by real estate developers or condominium houses constructed by government in the inner city. On the other hand, local peri-urban land holding farmers who received land for agricultural purpose are the principal suppliers of informal per-urban land market. They are also playing a vital role for unauthorized and sub-standard houses construction on their own agricultural land. The prevailing practice of informal peri-urban land market shows that the formal acquisition of plot of land and housing delivery system seem inefficient enough to accommodate the interests of urban poor as well as the interest of local peri-urban landholders. This study, therefore, appears to confirm the idea that informal peri-urban land markets are responses and witnesses for the inefficiency and inadequacy of the formal urban plot of land acquisition and housing delivery system (Huchzermeyer, 2011).

Informal Land markets in Ethiopian urban areas are practiced at the peripheries of the cities and new parcels of land come into the market through an informal land market system without any planning or formal document (Tura, 2018; Wubneh, 2018). The study also identifies the patterns of key actors and key activities that enable households to acquire plots of land and to erect houses for habituation. The key activities in the process of informal acquisition and development include identifying the plot for sale, studying the behavior of sellers, understanding price negotiation, and documenting evidences of transaction by letter of agreement or contract. Even though the different contracts signed by the seller and buyer are not valid in the eyes of the judiciary because they are informal, these documents play a significant role in avoiding land related conflicts between the seller and buyer. Thus, peri-urban land transaction is mainly done on trust without legal document of transaction. The informal buyer would start negotiation about informal land transaction after he/she developed trust on behavior and reliability of the seller. To build trust and reliability, social norms like social capital and reciprocity play prominent role in the coordination of peri-urban informal land transaction and process of guiding behavior of the buyer and the seller (Rakodi and Leduka, 2003; Berner, 2000).

When conflicts between a buyer and a seller occur, it is mainly solved by the intervention of elders and/or leaders of traditional social institutions and religions as mediators. These mediators bring the conflicting parties together face to face and urge them to reach into consensus by proposing alternative solutions to their disagreement. If one or both of the conflicting parties could not reach into agreement or do not accept the proposed solutions suggested by the mediators, one who did not accept it may face problems like being excluded from different social affairs and relations within the community. Such types of
social sanction measures are important techniques to enforce the conflicting parties reach into consensus. Research by Berner's, (2000) depicts that social sanction measures play a very significant role in maintaining social stability in informal transaction of land in peri-urban areas where the system is apparently out of the formal regulatory framework.

Peri-urban informal market of the land is usually facilitated trust based on social relation and values are vital to build confidence among actors of informal urban land market. A study in South Africa has shown that although price or cost is still an issue, it is of secondary importance in the way people transact (Marx and Roysten, 2007). For example, at the fringe areas of Addis Ababa, an estimated 2,000 hectares of land are occupied by 300,000 people (Tura, 2018; Wubneh, 2018). Many speculative buyers operate in the informal land market there through social relations and land brokers. Sales agreements are endorsed by the local administration officials, community associations, or by power of attorney. In addition to a group of low-income residents, there is also a larger group of rich individuals and middle-income earners (UN-Habitat, 2010; Gondo, 2008). This indicates that informal urban land markets in Ethiopia are characterized by a speculative boom. This was the result of the high demand for and the relatively limited supply of urban land and housing. Rapid rates of urbanization and the strong preference of all income groups to invest their savings in inflation proof assets such as land and housing contributed to the high demand (Adam, 2015; Kinfu et al. 2018).

**Policy Implications**

There are many contradictions and dilemmas in land policy in developing countries where there is rapid expansion of urban areas. This conflicting land policy leads to informal settlement in peri-urban areas. As a result of weak policy positions and laws of enforcement, local governments and utility providers do not provide residents of informal settlements with infrastructure and services (Jones, 2017). Huang and Du (2017) indicated that the government intervention in land market has long been the focus of land use policy and land economics studies. Some scholars argued that government intervention helps to reduce the externalities of land use and regulates the land market (Brueckner, 2009); while, others suggest that this would induce distortion in the land market (Peng & Thibodeau, 2012; Jansen & Mills, 2011). In Ethiopian land related policy, in the case of the land that is acquired for public purposes such as development purpose, road construction etc, the national government will consider compensation for land, housing and economic activities that are affecting the livelihood sources of expropriated residents (FDRE, 2007). The government should reform the land expropriation legislations in a manner of respecting and protecting the constitutional rights of farmers including their freedom from arbitrary dispossession (Tura, 2018).

In reality, the dichotomy between the formal and the informal exists and it will pursue. This means, it can neither be ignored nor be left to continue to grow and take its own path of development. Peri-urban informal land market policy issues can help to address conflicting and dynamic interests in peri-urban land use system (Yan et al. 2014). This study has revealed several critical issues that need urgent policy intervention steps.

Firstly, we recommend from this perspective of improving institutional framework. A proactive institutional framework for curbing any problem is very crucial (Kombe, 2005; Adam, 2016). It can play either short term or long term influences. In the short term, specialized office/unit called peri-urban land administration unit/office that is accountable to the respective city administration could be required in peri-urban areas. While, in long term establishment of a unified rural and urban land administration entity at federal
and regional levels is recommended. Such a framework ought to evolve from and be based on partnership, dialogue and collaboration with the key actors as well as built upon good practices unfolding in the informal settlements.

Secondly, the land banking for strategic use is recommended. It has to be implemented for central facilities, institutional, industrial, recreational etc (Fourie & Davis, 2002). This has to be practiced in the structural plan of the city which has to be executed by local government or municipality of the city (Kombe & Kreibich, 2000). Thirdly, user-friendly legal policy frameworks should be formulated to regulate informal land parceling in peri-urban areas by the central and regional governments. This could help to integrate informally acquired and developed land in to the formal property administration and development system (UN-Habitat & Urban LandMark, 2010).

Fourthly, incorporating peri-urban land right and livelihood issues as a priority agenda is recommended. This is important to strengthen the urban-rural linkages. It has to be worked closely with the local peri-urban landholders on the matters of livelihood diversification of the dispossessed local peri-urban communities (World Bank & Oxford University, 2003; Adam, 2016). The development plan should be based on participatory and inclusive land development (Olufemi & Pauline, 2018). It can also have the capacity to accommodate the multifaceted interests of various actors who have a stake in peri-urban land development.

**Conclusion**

Generally, the informal transformation of peri-urban areas into built-up areas is benefiting the lower income groups of community as alternative exit to the formal system since these groups cannot have the possibility to access formal system. The process of informal peri-urban land market indicates not only the shortcomings of the formal system but it also contributes valuable lessons on how to improve the formal system and minimizing informal one. Thus, the hostile attitude of the municipal authority towards peri-urban informal land market and demolition of properties invested on informally accessed land have to be revisited. There has to be a shift of towards looking at these peri-urban informal land markets which are the result of formal urban land access for building residential houses. This indicates that the governments’ formal urban land access to build residential houses has to consider the needs of the urban poor and their financial capability. Unless these considerations are implemented, the ambition of urban policy makers, urban planners, land managers and other concerned bodies to regulate peri-urban informal land market and shaping the spatial structure and form of urban areas using the presently applicable regulation shall by and large remain an unachievable wishful thinking.

**Reference**


——— (2014c). Informal settlements in the peri-urban areas of Bahir Dar, Ethiopia: An
institutional analysis. *Habitat International*, 43, 90-97


Kasanga, K., Cochrane, A., King, R., Roth, J. (1996). Land markets and legal contradictions in the peri-urban area of Accra, Ghana: Informant interviews and secondary data investigation. Land tenure center research paper 127, University of Wisconsin Madison, Madison, WI.


AID Issue Berief.


Wubneh, M. (2018). Policies and praxis of land acquisition, use, and development in
Ethiopia. *Land Use Policy*, 70, 170–183


