

# The Ethiopian Model

## Equal land rights in a unique social development

Gail Warden

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THE PEOPLE OF Ethiopia have embarked on a unique social development; they have combined the free market in labour and capital with the common ownership of land. Every person's right to land is enshrined in the constitution.

Ethiopia is the one nation in Africa that was not colonised by a European power. Its existence is traced back to the first kingdom that was founded about the 11th century BC. The Homeric poems celebrate the country as occupied by a pious people who were often visited by the gods.

Following the collapse of the Soviet-backed regime in 1991, the people decided that they would frame the rights of property in land. Land policy was central to political debates in the last two elections (held in 1995 and in 2000).

The popular mandate for communal ownership – but private use – of land, has strengthened the resolve of the government to resist Western attempts to privatise it on the basis of Western principles, reports Gail Warden.

Does the way in which Ethiopia enshrined the wishes of its population in the constitution serve as a model for other developing countries?

Many analysts dismiss Africa as a "basket case". Can the many failures in post-colonial development be traced back to the way in which the Western model of property rights was planted in the soil of Africa?

Answers to such questions will emerge in a new light as the Ethiopian experience unfolds.

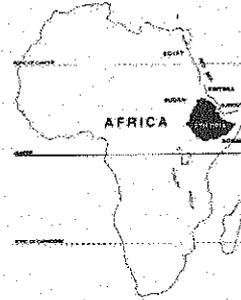
**I**N A COUNTRY with a population of sixty million, of which 85% live in rural areas, land in Ethiopia is the sole means of survival. Land ownership determines people's economic, social and political life. Accordingly, the constitution has firmly placed the ownership of rural and urban land under the authority of the state and common ownership of the peoples of Ethiopia. Ethiopia's land policy, which has been in place since 1994, emanates from this basic principle. The policy is designed to satisfy the aspiration of the great majority of the Ethiopian people as well as to enhance the economic development of the country.

In rural Ethiopia, peasant farmers are guaranteed land for cultivation free of charge, and pastoralists have full rights to free land for grazing and cultivation. People are free to cultivate anything of their choice and are free to develop their land, which they can also pass on to their children. Investors and big developers who wish to invest in agriculture or related sectors can lease rural land from the state for a long period and the lease-right over land is transferable. Investors have also the option of renting land from existing small-holder farmers for up to 15 years.

In urban areas citizens have, for the first time, the right to acquire free land on which to construct their houses. Investors, developers and businesses lease land and these lease-holders also have the right of use over land for long periods. The lease price of urban land varies from place to place and is generally determined by competitive market values; an auction system, administrative arrangements and negotiations are applied in providing land to the lessee.

Despite the land policy being firmly embedded in the constitution, the debate about land continues among Ethiopians; a few donor representatives have also made suggestions about land ownership in Ethiopia. There follows an exploration of the background that led to the present land policy and the implementation of this policy, with an emphasis on the investment perspective.

ETHIOPIA has a well-founded claim to be the oldest country in the world; it is referred to innumerable times in the Bible and in other ancient texts and its archaeological remains confirm it a prominent place in man's very earliest history. With an area of 1,221,900 square kilometres, it is as large as France and Spain combined. It is five times the size of the UK but with a population of the same size – about 60 million. From the north and running down the centre are the Abyssinian highlands. To the west of the chain the land drops to the grasslands of Sudan, to the east to the deserts of the Afar. South of Addis Ababa, the land



Maps are from Phillip Briggs, *Guide to Ethiopia*, Chalfont St. Peter, Bucks: Bradt Publications, 1998.

**The oldest country in the world**

is dominated by the Rift Valley Lakes. Contrary to media images, much of Ethiopia is fertile and it has many, as yet, unexplored rivers.

Throughout its long history Ethiopia was ruled by emperors and *rases* (dukes), and *dejzmachs* (counts) of varying degrees of wisdom. Land was owned by relatively few people, and was worked by serfs who were obliged to hand over much, frequently most, of what they grew to their landlord. There were exceptions in certain areas where there was at least an attempt to even things out and share land and responsibility, though only among the men. Until very recently, women were not allowed to work the land.

In 1974 the "Derg" regime, made up of members of the army, deposed Emperor Haile Selassie and proclaimed "Ethiopian Socialism". On March 4, 1975, all land was nationalised. The government took over all rental property that was not lived in by its owners. Traditional land-owning rights were swept away. Cases are still being brought today by people (not all of them Ethiopian) who wish to have property that was confiscated by the Derg restored to their ownership.

The Derg's collectivisation proved disastrous, a result that was compounded by its attempt to quell revolt in the north in the early 1980s by "re-settling" people from the northern provinces of Tigray and Wollo in the south. Over 100,000 people died after being herded into cargo planes and flown south; many of the more vulnerable, including children, died on the way. Pregnant women often miscarried. Many of those that survived the journey were given inadequate or unproductive land and were unable to grow sufficient food for their families. Many of them trekked north for thousands of miles, back to their homes.

The Derg regime introduced strict price controls for agricultural and industrial products, similar to those of the Soviet Union that was backing the regime. This policy of setting government prices created a disincentive to produce and contributed directly to the deterioration of agricultural production in the country. Farmers were inclined to sell their crops on a parallel market. Coffee was smuggled to Kenya and Djibouti where it was sold as Kenyan and Djiboutian coffee – although Djibouti does not grow coffee!

The Derg was deposed in May 1991 by a coalition of opposition forces called the Ethiopian Peoples Revolutionary Democratic Front. The EPRDF had a long history of seeking the views of the peasant farmers with whom it had worked so closely during the course of the war against the Derg.

**Popular mandate for Constitution** THE POLITICAL STRUCTURE of Ethiopia has been transformed since 1991. A highly centralised state has become a Federal Democratic Republic, with power devolved to the regions and

rights guaranteed. The changes were brought about by popular demand and they are enshrined in the new Constitution.

There was a clear recognition from the start that simply imposing a ready-made constitution would not be sufficient; people's participation was crucial so that it would be clear from the outset what the constitution was for and how it could transform people's lives for the better. As a consequence, the drafting of the Ethiopian Constitution was not a hurried process. A high degree of participation was involved, which was an integral part of the move towards democracy.

In the first phase of the process a Constitution Commission circulated a background concept paper, which outlined the major issues for discussion. People participated at *kebele* (village) level – the level closest to them – to debate how the constitution should serve their needs. Over 36,000 groups had an input in the debate – women's groups, elders' groups, religious groups, workers' associations and business organisations. Over 90% of Ethiopia's *weredas* (districts) completed and returned questionnaire forms showing how the people in the respective *weredas* and *kebelles* had voted. Ethiopians abroad also took part in the discussions. In addition, conferences were held to ensure wide consultation. Then the drafting process began. Despite a wide-ranging diversity of nationality, culture, tradition and religion, there was a high degree of consensus on what the constitution should contain. The results of all the discussions were passed to the Constitution Commission, which then produced a draft constitution.

Land ownership was one of the two most controversial and hotly debated items in the constitutional debate (the other being ethnicity). Land policy had, after all, played a large part in the downfall of Emperor Haile Selassie who embraced the feudal system long after it was tolerable to the majority of Ethiopians.

THE CONSTITUTION of the Federal Democratic Republic of Ethiopia was finally ratified by the Constitutional Assembly on December 8, 1994. It established the new federal structure where power is shared between central and regional government, both being autonomous in certain clearly defined areas – an arrangement highly suited to a vast country with religious, cultural, ethnic, linguistic and economic diversity.

On the question of land ownership, there was overwhelming support for the view that land should be recognised as a social asset, held by the people and the state; that it was not for sale. People said that their history, culture and tradition told them that "only the ox is for sale", and that to sell land is like selling their heritage and their culture. For the first time in Ethiopian history, women were allowed

**'Only the ox  
is for sale'**

*To compare  
with UK and  
US currencies,  
exchange rates  
on January 22,  
2001, for the  
Ethiopian Birr,  
were: 8.31/\$  
and c12/£*

an allocation of land. The importance of equality for women was stressed by one woman elder who said that a strong wife with access to land for her family meant a strong family, which builds a strong society.

Land rights were guaranteed in the Constitution and a new land policy was introduced whereby farmers, who had never been allowed to own all that they grew, were allocated land. In many cases they received improved seeds at reduced prices. For the first time in their lives farmers were able to grow a variety of crops for their own consumption, and many were also able to sell on a surplus at local markets for very much appreciated ready cash. The Constitution states (Article 40, para.3):

The right of ownership of rural and urban land, as well as of all natural resources, is exclusively vested in the State and in the peoples of Ethiopia. Land is a common property of the nations, nationalities and peoples of Ethiopia and shall not be subject to sale or to other means of transfer.

Furthermore, "any Ethiopian who wants to earn a living by farming has a right, which shall not be alienated, to obtain, without payment, the use of land". Significantly, though, "the government may grant use of land to private investors on the basis of payment arrangements established by law". Finally, but also significantly, "Ethiopian pastoralists have a right to free land for grazing and cultivation as well as a right not to be displaced from their own lands". Unusually, then, pastoralists' rights are protected and not dismissed, as they often are by "modern" cultures that insist the nomadic lifestyle is backward.

So at present, land is owned by the state and is allocated or leased out to farmers and businesses who have "possessory" or "usufructuary" rights on land. But the system is more flexible than it first seems. Groups of individuals can lease land collectively and land of more than 500 sq metres is offered on a long lease, such as 99 years, for residential purposes. In addition, land leased to farmers can, in turn, be leased out by those farmers, so if someone, for whatever reason, does not wish to work the land – as a result of their incapacity for example – they can lease the land to a neighbour for payment in kind.

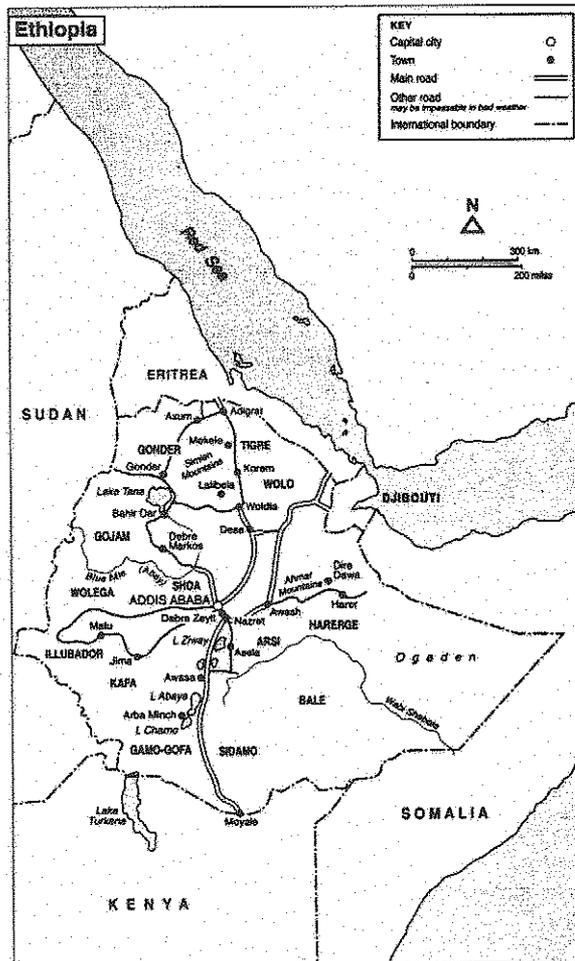
**Food crisis would have provoked land sales** THE LAND ALLOCATION system proved invaluable recently when there were food shortages affecting several million Ethiopians. If they had been able to sell their land for short-term gain, many farmers would have done so and fled to the cities, which would not have been able to cope with the influx. As Prime Minister Meles Zenawi stated at a press conference at the Washington Press Club on September 19, 2000: "Where would they go, having sold their land? They would descend on the few urban areas we have. And what would we do with them? We can't create 10 million jobs in a year. It would

be a major achievement if we could create 10 million jobs in 10 years. So in effect, this policy has served us as some sort of social security, and it has not impeded agricultural development in our country." When Ethiopia is developed and there are more industries and businesses the situation will be different – people will have somewhere else to go.

Questioned further on his government's land policy, the Prime Minister said: "I have had the opportunity to discuss with former serfs this issue of land ownership. They are among the strongest supporters of this policy. They say: 'we have everything we need about land ownership: it's ours, we till it indefinitely; it's ours, we can pass it on to our own children; it's ours, we can lease it out. This restriction, which suggests that we cannot sell it, is an insurance policy to us'. This, I believe, is the opinion of the overwhelming majority of the ex-serfs of Ethiopia. And as you know, 85% of our population live in the rural areas. So I think you have as broad a consensus on this matter as one can realistically expect."

Both in the May 1995 and the May 2000 elections the way people voted demonstrated overwhelmingly that they wish the present land policy to remain. The attitude to land in Ethiopia evolves, then, from it having only recently rid itself of the feudal system. Because of the punishing nature of the feudal system, farmers will not forget the hardship for a long time yet – perhaps not for several generations. To their great relief and benefit the land on which farmers now grow their crops is theirs; they can rent it out, build on it and pass it on to their offspring by way of inheritance. They can do anything they like with it except sell it.

In 1997 and 1998-9 I



interviewed peasant farmers in Tigray (northern Ethiopia) and in the south, and they all felt strongly that land was crucial to survival in a way that we in the West have forgotten it can be. Typically, peasant farmers in the south, for example, explained that until the 1975 and subsequent reforms almost everything they grew had to be handed over to the landlord, leaving barely enough for them to feed their families. Many went hungry. In practical terms under the old land tenure system it was difficult to introduce and implement agriculture extension and rural development programmes in most of the country, as indigenous farmers had no long-term ownership over the use of land. As a result, important internationally-assisted rural development programmes, that were aimed at improving the productivity of small-scale farmers – such as ARDU (Arsi Rural Development Unit), CADU (Chilallo Agricultural Development Unit), WADU (Wolayta Agricultural Development Unit) and THADU (Tahtay Adyabo Development Unit, Western Tigray) – were seriously hampered by the land tenure system that prevailed at that time.

The landlord was backed by a system that he controlled, but also, very often, a system that was monitored by henchmen who would ensure that farmers complied with the landlord's demands. It will take a long time to forget such cruel injustice. Some farmers spoke of landlords who were slightly more accommodating, but in small ways only. Given this invidious state of affairs something had to change and it did.

**Justification of the land policy since 1991** THE LAND LEASE policy was introduced by the present government as part of an overall reform programme to enhance private sector development in Ethiopia. It is directly related to both the urban and rural right of possession outside the small-agriculture area (peasant farms). It has given the legal framework to the private sector over the use of land for business purposes. It has insured long-term use rights to private business (50 to 99 years). It has deterred speculators and middle-men who were unnecessarily involved in the process of land acquisition. Thus the relationship is now narrowed to only two parties known as the leaser and the lessee.

The lease land can be sub-leased by the lessee for the lease period. The lease agreement is renewable after the termination of the lease period. Considering the above qualities and the characteristics of the lease policy, one cannot see a significant distinction between freehold land-holding and lease land-holding from the point of economic considerations (except perhaps from a psychological standpoint).

At both the rural and urban levels the main justifications for choosing a leasehold system are:

- To provide value for land utilisation in terms of money which was not provided for during the previous military government;

- To create a value for the use of urban land based on free market principles;
- To make transparent the permit system of land holding and utilisation and avoid discriminatory treatment of applicants and corruption;
- To promote urban development by controlling unjustified gains realised during the transfer of the right to use land whose value has appreciated;
- To lay down the basic framework within which investors can participate in the economic development of the country; and
- To provide investors with land tenure terms that are long enough to enable them to plan their activities, to recover their capital expenditure and to enjoy secure land holdings.

Lease holders have the right of use over urban land for periods ranging from 50 to 99 years, depending on the use to which the land is put. For rural land, the rental value and the lease period are fixed by the land lease regulations of each regional state. Lease rights over land are transferable, can legally be used as collateral for bank credit and can be renewed or sub-leased together with on-built facilities. Allocation of urban land to investors is either through competitive public tendering or through negotiation.

Urban Land Lease proclamation No. 80/1993 states that: "The government may grant freely or without public tendering urban land which is to be utilised for investment that the government encourages or for social services establishments or for other purposes which directly benefit the public".

Each regional government delivers, according to federal law and its own laws, the required land to an investor within 60 days of receiving an application for allocation of land for an approved investment. The price of lease land is determined either through auction or negotiation.

Information regarding average lease prices, maximum lease holding periods, modalities of lease price payments and other data for urban land in Addis Ababa are shown in Table 1 (*tables begin on page 83*).

To promote development of infrastructure in Addis Ababa, significant reductions in lease prices are made for investment in some social infrastructure in the City. Table 2 indicates the list of investment activities in this category, with price of land to be paid for each type of investment as a percentage of total lease price.

The maximum lease-holding period and modality of lease price payment for Addis Ababa is determined by the city's urban land lease holding regulation. Accordingly, lessees may choose to pay the amount of lease price at the signing of the lease contract or periodically with bank compound interest on the unpaid portion over years, as indicated in Table 3.

Almost all regional governments in Ethiopia exercise an annual payment for leased land. However, a few (such as the Addis Ababa Administrative Council) exercise a term payment system, in which the leasee concludes an agreement to pay the price on term bases. If the lease period is for 60 years, he may offer to pay in advance for the first twenty years, upon signing the contract, and the remaining 40 years price in two term payments in the following ten years. Such an agreement, however, entails interest at bank rate. A one-off payment is usually preferred by the Lease Office of Addis Ababa, though it is not mandatory.

**Towns in Oromia region are graded** TOWNS in the Oromia Region are divided into four grades, depending on their development level and business activities. Land sites in each town are also categorised into up to five grades, depending on the location and development level.

First grade towns are Nazret, Debrezeit and Jimma. Second grade towns include Shashemene, Ziway, Mojo, Sebeta, Burayu, Holota and Sendafa. Table 4 indicates the minimum land lease prices for the first and second grade towns, and the first, second and third grade land in each town.

In the Oromia Region, the lease-holding period is relatively high for low-grade towns. Table 5 shows the minimum lease holding period and the modality of lease payments of urban land in the Region.

**Land leases in Amhara** THE TOWNS to which the urban land lease-holding system currently applies in the Amhara Region are Bahir Dar, Dessie and Gondar. The different sites and localities within these towns are also categorised under various grades. The ranges of lease prices of urban land in the Region when provided by lot or negotiation are shown in Table 6.

In addition, the average *lease prices* of land obtained through auction in these towns are presented in Table 7.

**Tigray region's zones** IN THE TIGRAY region lease prices of urban land are divided into three levels of investment category (Table 8). The investment activities falling in each of these categories are selected based on the region's development strategy and priority investment activities. In addition, the region is establishing industrial zones in four towns – Mekelle (the capital), Adigrat, Adwa and Axum. Table 8 shows annual lease prices per square metre for the above towns.

**Rural land prices** GENERALLY, the rental value and the lease period of rural land are determined and fixed by the land use regulation of each region. The prices of rural land in selected regions are indicated below.

**Oromia region** The Oromia Region's Rural Land Proclamation No. 3/1995 has set prices of rural land in the region as shown in Table 9:

**Amhara Region** The Amhara Region Investment Board Regulation No. 3/1995 has set prices of rural land in the region, shown in Table 10:

Rural land in the Southern Nations, Nationalities and People's Region (SNNPR) is divided into two categories depending on their development levels. Presented in Table 11 is the cost of rural land in the Region as indicated in the region's Rural Land Regulation No. 2/1997.

LAND GRANTS for house building are available to Ethiopians living abroad to encourage them to return, but priority is given to cooperatives. As an instance, in November 2000, after an 18-month process, land grants were given by the Addis Ababa Administration to Ethiopians living in the United States for five cooperatives of 175 square metres per household. A further two cooperatives are currently working with the leasing office in Addis to finalise grants of the maximum of 500 square metres per household. They will be given the first 175 square metres on a free-lease but will pay for the lease of 325 square metres

**Land grants  
to attract  
people back**

But this is not to say that the land registration process is complete. By August 2000, after the latest two-year operation, 80% of land registration had been completed in Tigray, the most advanced regional state. Other regions vary as to how they allocate land use depending on their particular circumstances and priorities.

The key to effective land distribution is that it is done at grassroots level and decisions are taken locally, not by, for example, the regional government. In the regions, power is devolved downwards from zonal to *wereda* to *kebele* level. Local *wereda* and *kebele* committees decide who is allocated what land depending on an individual's situation such as the number of dependents, and bearing in mind that farms should be of a certain minimum hectareage to be viable for the average family. The local element is crucial to ensure fairness and to preclude favouritism or nepotism and other forms of corruption. Also, some land is naturally more productive than other – more land will be allocated if it is less fertile, for example. There are some regional variations, but farmers in Tigray, for example, do not pay rent for the land they work but pay local taxes. However poor a farmer is he will be expected to make some material contribution – a system which instils a vital sense of "ownership" and responsibility.

At present the leasehold system does work better in regions such as Tigray where it has been longer established (Tigray rid itself of the Derg before 1991). In other regions the system is more bureaucratic – at both rural and urban level – and needs reform. Businesses complain that it takes

too long to acquire land leases for their farms and factories and this is slowing down the rate of development and investment. Addis Ababa newspapers in particular often carry complaints from disgruntled business people who have waited too long for their allocation of land.

**The West wants land to be sold** THE WEST is currently trying to pressurise Ethiopia into adopting the policy of selling land. The justification is that this would "encourage investment". If we applied the same logic to Britain, where much of the land is owned by a relatively few people (who lease/rent their property to individuals and businesses), the perplexing nature of this advice becomes obvious. If we practiced what we preached, much of Britain's land would change hands. Most property in New York City is also leasehold, which has not impeded economic development. *Ethiopia is being encouraged to do what the West says, and not what it actually does.* But all the indications are that the Ethiopian government will stand firm against western bullying, and it is reinforced in its stand with the very strong mandate from its electorate.

The government's prime objective, in the words of Prime Minister Meles, is to ensure that "each Ethiopian family will in future have three meals a day". Guaranteeing farmers land for cultivation of food, in tandem with a strong emphasis on both development and investment, is the best way of ensuring that this will one day be a reality. This is why the Ethiopian government is doing all in its power to develop the country by encouraging investment, and giving priority to road building and other infrastructure. If all goes to plan, well before the amount of farming land available "runs out" there will be alternative employment on offer.

Some western enterprises are not deterred by the land lease. Interviewed in 1999 about their proposed investment in two tea plantations, Britain's Commonwealth Development Corporation said it was happy with the leasing arrangement. More important to them was the fact that they were investing in a promising business with a keen and relatively low-cost workforce.

As families expand and the land they are allocated is sub-divided, the resultant parcels will be insufficient to support the growing families. Some members will have to look elsewhere for employment. But the economy is already growing well, with a resultant increase in disposable income. Many large and small towns have newly opened cafes and other small businesses and women who brew *talla* (local beer) and girls who sell fruit such as *beles* (cactus pears).

As for the future, the population/land ratio is favourable; a relatively small population occupies a vast area. And the present social and economic indicators appear to justify the optimism of Ethiopia's people and their leaders about the course of the development on which they have embarked.

**Table 1: Addis Ababa**  
**Summary of lease prices at auction over the last four years**  
**in various parts of the city:**

Location	Type of activity	Price in Birr/m <sup>2</sup>
Kality	Industry	205-240
	Commercial	600-700
Gurd Shola/Bisrate Gebriel	Industry	335.50
	Commercial	831-1,080
Kotebe	Commercial	700
Haile G/Selassie Rd	Commercial	1,500-1,700
Legahara/National Theatre	Commercial	3,000-3,600
Piazza	Commercial	1,500-2,000
Merkato	Commercial	3,000-4,300
Bole Road	Commercial	2,000-2,100

Source: Addis Ababa Lease Office

**Table 2**

Type of investment	Amount of annual lease price to be paid	Discount given
<b>Health:</b>		
General hospital	15%	85%
Health centre	5%	95%
Maternity and paediatrics hospital	5%	95%
Special hospital	30%	70%
<b>Education:</b>		
Kindergarten	35%	65%
Grade 1-8 school	20%	80%
Kindergarten – grade 12 school	15.65%	84.35%
Grade 1-12 school	13.5%	86.5%
Grade 9-12 school	7%	93%
Technical and vocational school	Free	100%
College level education	Free	100%
<b>Others:</b>		
Physical fitness, sport & culture	Up to 50%	Up to 50%

Source: Addis Ababa Lease office

**Table 3**

Type of activity	Max lease period in years	Modality of lease payment
Educational, science technology, culture, health and sport	90	Within 20 years (for culture, sports & education)
Industry	60	Within 30 years
Rental dwelling houses	60	Within 30 years
Other business	50	Within 15 years

Source: Urban Land Lease Holding Regulations, Region 14 (Addis Ababa) Administration Regulations No. 3/1994

Table 4 Annual lease prices

Grade of town	Grade of land	Land size in m <sup>2</sup>	Min. Price in Birr/m <sup>2</sup> by type of activity		
			Commerce & related services	Industry, storage, education, culture, sport & others	Residential houses & temporary activities
1st grade town	1st grade	Up to 350	5.44	1.48	2.8
		351-550	6.32-7.20	1.70-1.92	3.28-3.76
		More than 550	8.08	2.14	4.24-4.72
	2nd grade	Up to 450	4.08	1.44	1.44
		451-750	4.74-5.4	1.66-1.88	1.7-1.96
		More than 750	6.06	2.10	2.22-2.48
	3rd grade	Up to 650	2.72	1.40	1.40
		651-1,100	3.16-3.6	1.62-1.84	1.66-1.92
		More than 1,100	4.04	2.06	2.18-2.44
2nd grade town	1st grade	Up to 450	4.08	1.44	1.44
		451-750	4.74-5.40	1.66-1.88	1.70-1.96
		More than 750	6.06	2.10	2.22-2.48
	2nd grade	Up to 650	2.72	1.40	1.40
		651-1,100	3.16-3.60	1.62-1.84	1.66-1.92
		More than 1,100	4.04	2.06	2.18-2.44
	3rd grade	Up to 1,300	1.36	1.36	1.36
		1,301-2,200	1.58-1.80	1.58-1.8	1.62-1.88
		More than 2,200	2.02	2.02	2.14-2.40

Source: Oromia Works and Urban Development Bureau

**Table 5**

Type of Activity	Min. lease holding period in years	Modality of lease price payment
Rental houses	60	Within 35 years
Industry	70	Within 35 years
Cultural, science, sport, health and education	95	Within 25 years
Other business	60	Within 15-20 years

Note: There is no down-payment requirement for pioneer and promoted investment activities in Oromia. The list of pioneer and promoted activities are indicated in a regulation that provides investment incentives (Regulation No. 7/1996 along with its amendments)

Source: Oromia Works and Urban Development Bureau

**Table 6**

Grade of land	Annual lease price in Birr/m <sup>2</sup>
1st grade	80-140
2nd grade	60-120
3rd grade	40-80
4th grade	20-50
5th grade	13-23

Source: Investment Office of the Amhara National Regional State

**Table 7**

Grade of land	Annual lease price in Birr/m <sup>2</sup>		
	Gondar	Bahir Dar	Dessie
1st grade	125	300	500
2nd grade	90	120	300
3rd grade	55	60	150
4th grade	35	30	60
5th grade	21	15	24

Note: The lease price payment for urban land in the Amhara Region is up to 40 years for industry, rental houses, social and cultural enterprises, while it is up to 30 years for commerce.

Source: Investment Office of the Amhara National Regional State

Table 8

Type of investment	Annual lease price in Birr/m <sup>2</sup>			
	Mekelle	Adigrat	Adwa	Axum
First level priority	2.00	1.25	1.25	1.25
Second level priority	2.50	1.75	1.75	1.75
Third level priority	3.00	2.25	2.25	2.25

## Notes:

1. A down-payment of 5% of the total amount of the lease price is required to be paid within three months, starting from the date of signing the lease contract.
2. Land is also provided without lease auction for investment projects that are expected to play a decisive role in the development of the Region. Investments in education and health services may benefit from this option.

Source: Tigray Region Investment Bureau

Table 9 Leasehold rents in Birr per hectare per year

Grade	Location/zone	Distance from main road (kms)				
		< 10	11-25	26-40	41-55	Over 55
1	East Shoa, West Shoa and Arsi	135	129.60	124.42	119.44	114.66
2	Jimma, North Shoa & East Hararghe	114.75	110.16	105.75	101.52	97.46
3	East Wollega, West Hararghe & Bale	97.54	93.64	89.89	86.29	82.83
4	Illubabor, Borona & West Wollega	82.91	79.59	76.41	73.35	70.40

## Note:

1. For investments in forestry, land is provided free of lease price.
2. Land is also provided free of lease price for the first four years for investments in coffee, tea and other permanent crop plantations.

Source: Investment Office of Oromia

Table 10

Location/Zone	Lease price in Birr/ hectare/year
North Gondar	44.88-83.29
South Gondar	56.36-81.25
Oromia	70.55-74.46
Wag-Himra	55.29-61.06
North Wollo	50.70-71.92
South Wollo	55.02-75.75
East Gojjam	59.90-63.00
West Gojjam	54.73-84.00
North Shoa	53.32-78.80
Awi	65.60-72.71

Source: Investment Office of the Amhara National Regional State

Table 11

Location/Zone	Lease price in Birr/hectare/year	
	First grade land	Second grade land
Sidama	117	71
Gurage	105	64
Hadiya	103	62
Kenbata-Alaba-Tenbaro	100	61
Gedeo	86	52
North Omo	78	47
Yem	76	46
Derashie	63	38
Kaficho-Shekicho	63	38
Amaro	59	36
Burji	58	36
Konso	52	36
Bench-Maji	49	30
South Omo	49	30

Source: Southern Nations, Nationalities and Peoples' Region Investment Office