PROSPECTS AND CHALLENGES OF DECENTRALIZED URBAN LAND DELIVERY SYSTEM FOR INVESTMENT PURPOSES: IN OROMIA REGIONAL STATE PARTICULARLY IN SABETA TOWN,

BY: TAYIBA HASSEN KAYO

ENROLLMENT NO: 099110245

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ADVISOR: ATO ELIAS BERHANU

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CERTIFICATE

I hereby certify that the Dissertation entitled Prospects and Challenges of Decentralized Urban Land Delivery System for Investment Purposes: in Oromia Regional State particularly in Sabeta Town, by Tayiba Hassen Kayo is her own work and has been done under my supervision. It is recommended that this Dissertation be placed before the examiner for evaluation.

Signature of the Academic Supervisor_____

Name: _____

Address: _____

Study Centre: _____

Regional Centre: _____

Date: _____

DEDICATION

I would like to dedicate this work to my son Nanbon Nesru (Nany) and to my sister Jalane Hassen with love.

ABSTRACT

Land-use planning is a complex process involving development of a land-use to include a statement of land-use issues, goals, and objectives; summary of data collection and analysis; land-classification map; and report describing and indicating appropriate development in areas of special environmental concern. Because land use decisions are critical determinants of environmental quality it is imperative that land use controls be effectively practiced to combat such problems as pollution, the occupation of hazard-prone areas, the degradation of wetlands and other coastal resources, and the loss of open space and other cultural resources.

The rapidly increasing of private investors in developing countries has raised the demand of urban serviced land for investment purposes. On the contrary the delivery procedures of urban land for investment purposes are cumbersome and longtime taking that discourages investors from investing in Sabeta town. Hence, this study assessed the formal urban land delivery system for investment purposes in the town. Also the study focused on urban land delivery procedures, stakeholders involved in urban land delivery system, and challenges that faced in the formal urban land delivery system for investment purposes. Since the research assesses the existing situation of decentralized urban land delivery system for investment purposes in the town, descriptive research design was employed in this study.

To draw a sample of the study simple random sampling was applied to select 234 private investors while purposive sampling technique was employed to select 27 government officials. Empirical data was collected using both primary and secondary sources. Questionnaire was use to gather data from private investors; in depth interview was done with governmental officials; and observation was employed to gather data from the field through non participant observation. Data collected from different sources was presented in the form of tables, photo, and charts. The results show that formal urban land delivery system for investment purpose is not encouraging private investors in Sabeta town. Challenges of formal urban land delivery system for investment purposes are affect the socio-economic development of the town.

Finally, to address these challenges and solve the problems the suggested responses are forwarded to the town administration, regional government, policy makers, concerned bodies and stakeholders in order to prepare manageable procedures, examine state-wide role of stakeholders, and provide strategies to reduce challenges of urban land delivery system for investment uses.

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TABLE of CONTENTS

List of Tables **Page**

List of Figures

Figures **Page**

Plate

Plate **Page**

List of Annexes

- Questionnaire to private investors
- Interview guide for Oromia investment commission and zone Investment officials
- Interview guide for town administration officials

Acronyms

- BPR: Business Process Reengineering
- DLDP: District Level Decentralization Problem
- EB: Ethiopian Birr
- EEPC: Ethiopia Electric Power Corporation
- EIA: Ethiopian Investment Agency
- FDI: Foreign Direct Investment
- FDRE: Federal Democratic Republic of Ethiopia
- FEDO: Finance and Economic Development Office
- IFAD: International Fund for Agricultural Development
- GIS: Geographical Information System
- LEPO: Land and Environmental Protection Office
- LGU: Local Government Unit
- n.d: no date
- OFED: Office of Finance and Economic Development
- OIC: Oromia Investment Commission
- OUPI: Oromia Urban Planning Institute
- UN: United Nation
- UNCHS: United Nation Center for Human Settlements
- UNECE: United Nation Economic Commission for Europe
- USA: United States of America
- OSZSF: Oromia Special Zone Surrounding Finfinne

Notes on Terminologies

- Ato is an Ethiopian title equivalent to Mister.
- Kebele, Woreda and Zone refer to Sub regional levels of government. Next to a Regional government, there exists Zonal administration followed by Woredas and then Kebeles.
- In accordance with the Ethiopian academic tradition, Ethiopian authors are referred in their first given names.
- E.C (Ethiopian calendar) is Seven years and Eight months behind the G.C (Gregorian calendar).

CHAPTER ONE

1. INTRODUCTION

1.1 Background of the Study

Different governments across the world have shown some commitment to promoting the provision of an adequate supply of land in the context of sustainable land use policies with varying degrees of success. Approaches to the problem have always varied from one country to the other because of differences in national laws and/or systems of tenure. Ensuring equitable access to land has always been a daunting tasks for many governments even though the majority of the obstacles hampering access to land (Gondo, n.d).

According to Tian and Ma (2009), in China, public ownership and the role of state in serviced land production are carefully maintained. Compared with land on freehold system, looking back at the evolution of Chinese cities; government intervention in land supply has had its own benefits and pitfall. The state has substantial control over land supply and land use. Since 1988, urban land reform, the country has extensively adopted the tools of land supply to achieve its goals of increasing state revenue and controlling land.

Most government interventions into urban land management are far too centralized.
Many nations have national regulations regarding land-use planning. Locally prepared land-use plans are frequently required to be reviewed by national ministries of planning or local government. Since this review process takes months, the approved plans are clearly out of date.
Such reviews offer little benefit to the local government, but where they become effective, they ensure that the central government can maintain control over land management.

The lack of good cadastral, registration, and tenure records is a serious constraint on efficient city growth in developing countries. Formal systems in such countries were often established at a time of slow urban growth, but now the increasing volume of land transactions, and changes in

land use related to urbanization, are causing land registration agencies to fall further and further behind in their work. In addition, the costs of registration and related procedures, including staff, time, transfer taxes, stamp duties, and in some cases unofficial payments, may breed a cynical attitude in the community about the supposed benefits of using the formal process. Further problems arise in the many cities where up to 80 percent of residents occupy their land and dwellings without any formal security of land tenure, as in squatter settlements in Latin America. In Africa, the situation is more complicated since many areas in cities are still controlled by tribal systems of land tenure. In these circumstances, central and city governments have little control over planning, land allocation, and administration.

In fast-growing cities, infrastructure deployment persistently lags behind demand. The lack of adequate services imposes tragic health effects on millions of households in terms of dysentery, hepatitis and cholera. Even when resources are available for infrastructure investment, poor coordination may constrain land development. In some cases, the problem may be insufficient coordination between the infrastructure agencies themselves. In other cases, there may be more general weaknesses in the plan-making and enforcement mechanisms available at the city act as an effective framework for their investment plans. Other reasons include conflicting objectives among line agencies and different funding sources for different infrastructure components. The formal urban land delivery system for investment purposes requires a considerable level of institutional capacity, policy frameworks and procedural steps, so as to avoid unnecessary work steps, long time taking and tedious bureaucracy that results to temptations for favoritism, informal payment or corruption.

Farvacque and Auslan (1992), argue that different experiences show that, the journey towards the lawful acquisition of plots of land is a long and confusing for developers access to land, registration of land, and permission to develop land involve time consuming and costly procedures, which make the legal system very difficult to access land. The formal urban land acquisition system was dominated by the informal one in most of developing world urban centers.

This is not the view everywhere, however; extreme inefficiencies, corruption and partiality (as in Nigeria), over centralization delivery systems (as in Ghana) have affected the management of public lands by land administration agencies so that the wheel has in effect come full circle, and the argument now is that land is more efficiently and equitably allocated by the market (Farvacque and Auslan 1991).

The above argument shows that in the case of land delivery system, developing countries were not adequate for the effective demand of private investors need at large. The towns of Ethiopia, like most cities in developing countries suffer from many challenges caused by poor land development and management policies including poor planning, slow provision of infrastructure and services, poor land information systems and slow land transaction procedures (Belachew 2010). The three periods can be distinguished in relation to land policy and changes: the period of the Imperial Era, Socialist System which openly discouraged private sector investment activities and the Market Orientation Phase (Post 1991/92), during which various liberalization and policy reforms were promulgated to encourage private sector investment and its participation in economic activities (World Bank 2004).

After the down fall of the strongly centralist military regime Dergue, the EPRDF government witnessed the introduction of an unprecedented political structure in the modern history of Ethiopia. Hence the FDRE constitution founded on the principle of the sovereignty of nations nationalities and peoples as a guiding principles of accommodating the diversity and decentralization of powers and responsibility between the central and regional governments was adopted in December 1994 and come into force in 1995 (Solomon, 2007). Therefore the existing government of Ethiopia launched an economic reform policy, towards land in the country is public property and individuals, companies and other organizations have only the use right of land. According to Proclamation No. 280/2002 the encouragement and promotion of investment has become necessary so as to accelerate the economic development of the country and to improve the living standards of its people.

In general, at the federal and regional level, commission, and at town administrations level office are established as executive implementation agencies. In line with this, Sebeta town administration has established investment office assignment of the town.

1.2. Statement of the Problem

Ethiopia is known for strong unitary empire particularly during the Imperial and Dergue regimes. But the current government of Ethiopia has introduced a more radical change in political organization of the state. However, in the Ethiopian decentralization scheme, including the constitution of 1995 did not recognize urban administration as an independent entity to which power and resources can be devolved (Tegegne and Kassahun, 2007). In addition to this, both the federal and regional constitutions and proclamations have no say on the municipal fiscal power till 2002/03. And hence municipalities were entirely dependent on their own inadequate fiscal resources. And also there was no regular grant from either the federal or regional governments.

As a broad tool of urban land management, public land development rarely works. This is because land development is extremely complex and risky. Inspection of successful land developers reveals that they are small, highly entrepreneurial, pragmatic and staffed by highly skilled personnel willing to take risks. Most public agencies don't have these characteristics (Dowall, 1989).

In the public sector, on the other hand, most land development agencies are quite large, frequently running into the thousands. Obviously, these agencies are much more bureaucratic in structure and style of operation. Professionals working with these operations will tend to be concerned about following the rules and playing it safe. They are not interested in taking risks.
According Tegegn and Kassahun (2007) point out that, the FDRE Constitution Article 88(1), Article 50(4) Article 52(2a), makes a fertile ground for the establishment of municipal government by sub national state by saying that 'Government shall promote and support the people's self-rule at all level'. Therefore, these articles give power and function to regional states to establish state administration that best advance for self-government respectively. Beginning from 2001, many regional governments have enacted municipal legislation that defines the position of municipal fiscal power within the decentralization system. In the reform,

urban administration with Woreda status power and responsibilities as an independent administration unit two years or more in the aftermath of the second wave of district level decentralization program (DLDP).

In the early 2001 E.C Sebeta town became separated with district administration and boundaries from Sabeta Hawas Woreda with a total area of (9643.43) hectares. There are a number of domestic and foreigner private investors are investing in the towns of Ethiopia. However, urban land delivery system has not been able to solve the problems of developers and improving access to land is still faced with a number of challenges. According to Regulation No. 141/2004 in Oromia Regional State, the governmental organs responsible for urban land delivery for investment purposes (Floricultures, Real States, Agro industries, Manufacturing, Social (Education and Health) Hotel and Tourism) are: Region Investment Commission, Zone and Town Investment Offices.

These governmental agents have been operating the Business Process Reengineering (BPR) reform in order to provide the one stop shopping principle that is used to a single point of contact for customers to offer lower costs, faster and generally improve land transaction facilities; however, investors should visit at least three levels of government to get plot of land for investment purposes in the region. Certain basic problems have been observed in Sabeta town regarding the formal urban land delivery system for investment purposes, which could discourage private investors.

The procedures towards the formal urban land delivery system for investment purposes in Sabeta town leads to informal payment and take long waiting time. As revised the secondary data of Sabeta Town Investment Office it require about 3 (three) months to supply plot of land for investors. However, the current implementation shows that private investors are waiting for more than one year to get plot of land for investment purposes in the town. The procedural steps of formal urban land delivery system for investment purposes are cumbersome and not accessible to private investors because the process passes through three governmental tiers. The final decision making power of land transferring for investment purposes have been centralized at regional level.

In the town remain the principal challenges because of weak institutional capacity characterized by finance to provide serviced land and infrastructural provision. What has been observed in the problem is either the investors have no interest to go to invest in the town or even if they wish to invest their capitals, the process might be late for long time. The situation is discouraging private investors from investing their capital in the town. However, the philosophical underpinnings of decentralization, the sole income of local governments is from immobile capital specially land. In contrary, the town administration that is found in the region alone does not have decision power on investment issues and Sebeta town is not an exception of this. The centralized decision trend further worsens the land delivery for investment purpose in the town.

1.3. Objectives of the Study

1.3.1. General Objective

The overall objective of the study is to assess challenges and prospects of decentralized urban land delivery system for investment purposes.

1.3.2. Specific Objectives of the Study

The specific objectives the study is:

- To examine the procedure employed in decentralized urban land delivery system for investment purposes.
- To identify the stakeholders involved in decentralized urban land delivery system for investors.
- To investigate the challenges associated with decentralized urban land delivery system for investors.
- To suggest response options in order to address the challenges.

1.4 Research Questions

Based on the above objectives of the study the following research questions are stated.

- What are the procedures employed in decentralized urban land delivery system for investment purposes?
- Who are the stakeholders involved in decentralized urban land delivery system for investors?
- What are the challenges that are associated with decentralized urban land delivery system for investors?

1.5 Significance of the Study

The study will help the stakeholders and decision makers in developing a win-win strategy in urban development policy in terms of land delivery for private investors in order to achieve economic growth and improved urban development. Thus, the results of the study will contribute to the debate that exists on the formal land delivery system issues, since it focuses on the problem of cumbersome procedural steps is delaying the waiting time to get plot of land for investment purposes. The study can be considered as an addition to the limited literature available on formal delivery of urban land for investment purposes. Given the appropriate delivery mechanism, it is hoped that the results of this study will have an impact on the academic community, governmental and nongovernmental organizations (NGOs), investors, policy makers and the public at large by providing appropriate information to help plan or the problem observed in the study.

1.6 Delimitation of the Study

The study is spatially limited to Sabeta town administration to assess the prospects and challenges of decentralized urban land delivery system for investment purposes in the last five years (1999-2005) in the town. Contextually, the study focuses on problems associated with land delivery system, major challenges that hamper efficient land delivery system and the extent to which the system is discouraging private investors. Therefore, the study concentrates on private

investors who have been engaged in different investment activities in the town and different concerned governmental bodies.

1.7 Description of the Study Area

Description of the study area shows area, shape, location, demographic characteristics, economic and investment activities of Sabeta town administration.

1.7.1 Location

Sebeta is the capital town of Sebeta Awas District of Oromia Special Zone Surrounding Finfine (OSZSF) situated at about 24 km west of Addis Ababa along Jimma road. Located within an approximate geographical coordinates of $8^0$53”38.50”N_$8^0$59’58.17”N latitude and $38^0$35’11.91”E_$38^0$39’33.75”E longitude. With regard to relative location, it shares common boundaries with Addis Ababa in the North, north east and east, Burayu town in the North and rural villages of Sebeta Awas district to the south and west. Climatically, the town is classified under Woynadega zone that has the same general climatologically characteristics as that of Addis Ababa. The temperature of Sebeta area lay in the temperate climatic zone with a temperature range of 12.7^0c to 24.4^0c.

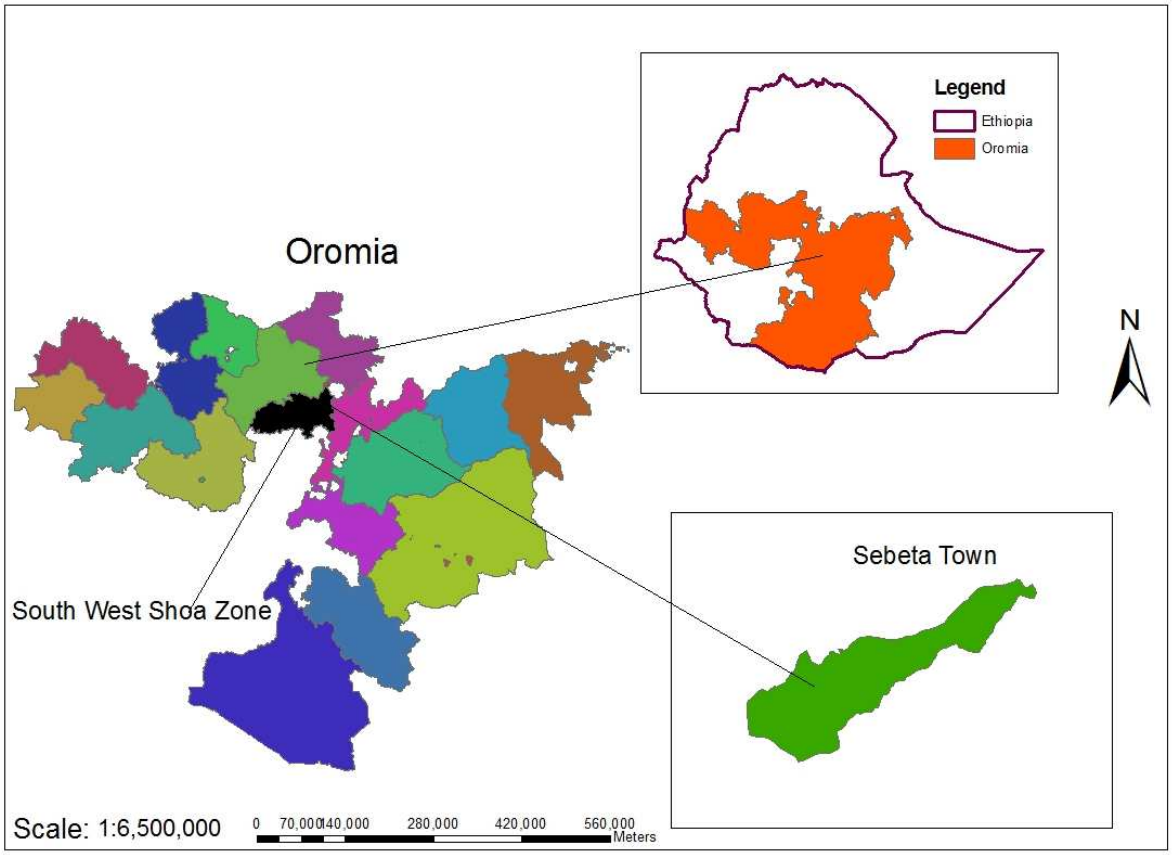
1.7.2 Area

Total area that is covered with the current base /topographic map of the town is estimated about 99 sq. km. According to the Master plan of the town which was prepared in 1988 E.C Sebeta has about 1762 hectares of a reserved total area from which about 433 hectares of land is actually urbanized. In addition to this, according to the reform of 1996, Sebeta town total area is estimated that 17.62 Sq.kms accounting for 0.18% of the zonal area. It is the largest industrial zone in Special Zone of Oromia Surrounding Finfinne.

1.7.3 Shape

There are many facets of shape of an area**.** The longest and shortest axes of Sebeta boundaries measured from topographic map are 16.97 km and 8.64 km respectively.
Hence, the computed result is about 1.9 indicating that this town has a relatively oval shape.

Plate 1: Location and structural plan of Sabeta town.



Source: Sabeta town OFED, Planning Division 2013

1.7.4 Demographic Characteristics

According to the 2007 population and housing census the total population living currently in the town is about 131,123 (68,258 males & 62,865 females) with a rate of population growth at 4.2% per annual. Immigrations from hinter lands rural and other town to search for urban services and job opportunity is also another factor for rapid population growth of the town. The peoples are composed of Oromo, Amhara, Gurage as a major ethnic groups and others also found.

Oromo language 'Afaan Oromo' and Amharic languages are widely used languages of communication in the town where as 'Afaan Oromo'is an official language of the town

1.7.5. Economic Activities and Employment

The people are engaged in different economic activities for livelihood. The main ones are commercial activities, small and medium scale construction, working in organized micro and small enterprises, daily laborers in recently expanded flower investment and other organizations, employment in public organization and agricultural activities in hinterland 'Kebeles' in the town.

1.7.6. Investment Activities

The widely practiced investment activities include flower industries, agro-industries, commercial real estates, factories (leather, flour, plastic, etc.), and water processing factory, stone grinding production, and hotels. The manufacturing industries are the leading investment sector in the town. It is the capital intensive investment activities in the town and plays a significant role in reducing unemployment problems in the town. There are more than 596 investment projects registered and inter to agreement with a capital of more than 7.357 billion birr. Create employment opportunity for more than 50,000 peoples.

Table 1: Shows types of investments.

Type of investment projects	Number of investors	Capital (000,000)	Employment opportunity	Land given (M2)
Manufacturing industry	295	5577	33,714	26,314,260.55
Real states	12	226.5	592	904,908
Flower farm	14	365	1,857	1,615,634
Agro-industry	64	425	5,776	693,800
Service giving	35	139.84	948	146,864.8
Commercial	71	183.1	1,624	120,396.5
Hotel and tourism	56	234.16	2237	216165.7
other	49	207.2	1,278	280,740
Total	596	**7357.45**	**48026**	**30292770**

Source: Sabeta Town OFED, Planning Division 2013.

1.8 Limitations of the Study

While carrying out the research work the researcher faced with different challenges, such as reluctance of the respondent to answer all the questions, lack of organized secondary data from the investment office of the town on procedures, rule and regulation related to the issues and full profile of private investors in the town due to lack of well-functioning recording system and even the available documents are fragmented and not complete.

The major limitation of this study may be that the generalization were drawn from results of analysis of data from sample private investors who have been given a plot of land in the town for investment purposes, but may ignore the others who are asked for land for investment purposes, and those who are on the process of asking are not included, because they are come from different places of the world and the country, so it would be difficult to get them. Time and financial constraints had also the main factors that limit the study.

CHAPTER TWO

2. LITERATURE REVIEW

2.1. Introduction

This chapter describes conceptual, theoretical and empirical literature. The conceptual literature describes the concept of decentralization, land administration and management, land tenure systems, Land and Urban Land Systems, Types of Urban Land Tenure Systems, Urban Land and Physical Planning, Policy Issues to be Resolved, Socio-economic Significance of Land in Ethiopia, characteristics of decentralized governance systems land governance; the theoretical part describes theories of urban land delivery procedures, stakeholders, and challenges that hinder land delivery systems for investment purposes. The empirical one illustrates the formal urban land delivery procedures, the stakeholders involve in formal urban land delivery system, and challenges hinder the formal urban land delivery system and the way to improve prospect and address the challenges had dealt with national and international prospects.

2.1.1. Concepts of Decentralization

The term decentralization is difficult to defined, since it can take different meaning specific to the dimension of the situation.

According to O. Nyanjom (2011), as a governance tool, decentralization is based on the *principle of subsidiarity*, which assigns specific functions hitherto conducted by the center (of an entity) to the lowest feasible sub centers on the periphery. In government, such distribution of responsibilities could involve any one or more (among many) responsibilities, including problem identification, policy making, planning, revenue generation, budget execution, accounting and auditing, and monitoring and evaluation. An underlying logic behind decentralization is that it enlarges subnational participation in decision making over interventions, and consequently enhances their local relevance and citizen participation in implementation. These measures

should then expand the scope for efficiency and cost-effectiveness. The various types of decentralization are historical realities of management generated by theory and practice: the clearer the structure of decentralization, the greater the scope for efficiency.

As O. Nyanjom (2011) pointed out, Decentralization has three fundamental dimensions, which may occur independently or jointly: the administrative, the political and the fiscal. *Administrative* decentralization transfers responsibility of functions from a central agency to one or more of its lower levels internally, or to peripheral agencies, such as a state corporation – which may itself also transfer responsibilities to subordinate agencies. *Political* decentralization separates powers and responsibilities horizontally or vertically. In these instances, decentralization is between or among agencies of comparable status, such as the executive, legislature and judiciary, or vertically to agencies that relate hierarchically, such as local authorities. Finally, *fiscal* decentralization involves changing the locus of revenue generation, primarily, but also offers expenditure autonomy. Through this dimension, the central agency assigns some revenue generation responsibilities to Sub national agencies, whether the product enters the central kitty or is retained at the collecting agency for local spending.

Beyond the foregoing dimensions, there are also several *types* of decentralization, including deconcentration, delegation and devolution, which are not necessarily mutually exclusive. *Deconcentration* involves assigning responsibilities to regional or peripheral agencies within the same institution, such as the central government assigning policy implementation (oversight) to subnational levels, which might not have originating (policy making) authority. *Delegation* transfers responsibility to substantive and potentially independent institutions, such as state corporations or local authorities. Delegation could also target entities in the nongovernment sector. Whereas deconcentration and delegation perpetuate the central place of the originating authority, *devolution* – also referred to as democratic decentralization – is an internal arrangement that gives target entities near-autonomous rights, ideally embedded in a legislative framework specifying relations among the periphery entities, as well as between them and the center.

Closely related to devolution is the concept of *federation*: While devolution involves the Centre ceding authority to the periphery – even if in response to the latter's demands – federation can be the initiative of initially independent entities willing to cede some autonomy for an anticipated greater collective good, as with the five independent countries of the East African Community initiative.

Thus, whereas a federation recognizes a center of authority, the component states are self-contained entities in as many respects as the instruments of federation provide.

2.1.2.Concepts of Land Administration and Management

Land management and land administration are often used interchangeably in Africa, including in policy and legal contexts. Even functions of land administration and land management are overlap and frequently implemented by the same bodies. In addition, land administrators (or land managers) may have responsibilities for land dispute resolution. Despite overlap, Alden (2003) was attempting to define land administration and land management separately: Land administration cover institutions and processes associated with land rights, regulation and among which the recording of rights is prominent. Land management refers to land use regulation such as associated with zoning, placing a ceiling upon the size of holdings, conditions and environmental protection measures.

According to Farvaque and Auslan 1992, outdated, complex and inflexible regulations and legislation is another factor hampering an efficient and effective working of the urban landmarket. Overcoming this requires regularization of land tenure and simplification of the registration process particularly to improve the access of the poor to newly acquired and serviced land. A central role for the municipality requires capable institutions at this level and a political constituency at higher government levels to leave this in the hands of local government. Apart from insufficient municipal autonomy, and regulatory and legal constraints, the limited financial and institutional capacities of municipalities are major constraints to improving access to land for the urban poor. These factors are interrelated. Tools such as an operational Cadastre and GIS

(Geographical Information System) contribute to the improvement of municipal performance in land management.

2.1.2.1 Land Administration

Different authors and organizations define land administrations accordingly. Peter and McLaughlin (1999), define land administration as the process of regulating land and property development, the use of land, conservation of land, the gathering of revenues from the land through sales, leasing, taxation, and other solving of conflicts concerning the ownership and use of land.

UNECE (1996) defines land administration as the process of determining, recording and disseminating information about the tenure, value and use of land when implementing land management policies cited in (Rhea 2009). It covers institutional and regulatory system.

2.1.2.2. Land Management

Access to land is a basic condition for housing the urban poor and formal acquisition of a plot of land is often difficult for them. Access to land, registration of land, and permission to develop land involve time-consuming and costly procedures which make the legal system difficult to access. Improving the efficiency of urban land markets through an enabling regulatory framework could, in particular, promote access to land by the poor. An efficient system of land administration is necessary but not sufficient to ensure the best use of land as a resource. Land management can be described as the process by which the resources of lands are put to good effect. It includes policies and regulations for farming, mineral extraction, nature protection, property convincing, property valuation and taxation, development and management of utilities and services, and fiscal planning (Enemark 2003).

UN (2005) defines land management as the activities associated with the management of land as resource from both an environmental and an economical perspective. It covers all activities concerned with the management of land as a resource from an economic, social and environmental point of view.

2.1.3. Land Tenure Systems

The term land tenure is derived from the Latin word *tenere* which means hold, Tenure defines the social relations between people in respect of the object of tenure, in this case land. Tenure also defines the methods by which individuals or groups acquire, hold, transfer, or transmit property rights in land (Waiganjo and Paul, 2001).

David E. Dowall and Giles Clarke 1996, pointed out that, central government should recognize the multiplicity of land delivery mechanisms in urban areas and accept the roles played by the various actors and rationalize them as appropriate.

Public land delivery will need to be carried out in a transparent and market oriented manner. It is recommended that, in the interests of efficiency and equity, this be devolved to the local government level. For this to work effectively, it will be necessary to strengthen local governments' institutional, fiscal and human capacities.

According to IFAD (2001), Land tenure systems are diverse and complex. They can be formal or informal; statutory or customary; legally recognized or not legally recognized; permanent or temporary; of private ownership or of common property; primary or secondary. Tenure systems in many developing countries have been influenced by former colonial land policies that overlaid established patterns of land distribution. Thus, many national and local systems are made up of a multiplicity of overlapping (and, at times, contradictory) rules, laws, customs, traditions, perceptions and regulations that govern how people's rights to use, control and transfer land are exercised.

There is no single 'land' issue, and the forces that bear upon access to, and control over, land among poor rural women and men vary from region to region, from country to country, within single countries and from one community to the next. The answer to one group's land issue may mark the beginning of difficulties for another.

Governments and institutions have promoted land tenure reforms to formalize rights and land title registration, but these have not always produced the expected positive impacts, particularly for the poor. Indeed, promotion of exclusive, alienable and legally registered individual land rights is not always the best solution for poor rural people, many of whom depend on more flexible, diversified, decentralized and common property systems over which they can often exert greater influence and that are more conducive to optimum uses of land.

Land tenure security is necessary, but it is not sufficient for sustainable rural poverty reduction and improved livelihoods. Measures to strengthen land tenure security must be complemented by pro-poor policies, services and investments that reduce vulnerability and enable people to make the best use of their access to land. Furthermore, enabling policies are needed beyond the national level to address issues such as migration, pastoralism and conflicts that cut across national boundaries and even regions, and require multicounty or regional approaches.

2.1.4 Land and Urban Land Systems

Classical economists treat land as distinct from capital and identify “land, labor and capital” as the three mutually exclusive basic “factors of production”. To them they are comprehensive, including all economic agents. Each is also “Limitational” since at least a part of each is needed for all economic activity (Gaffney, 2004). Neoclassical economists, however, disregard the distinction and stress on similarities of land and capital, totally ignoring all differences. In asserting that land does have distinctive qualities for economic analysis and policy, the classical economist Mason Gaffney in his essay “Land as a Distinctive Factor of Production”, outlines a number of primary reasons that distinguish land from capital. These are summarized below.

a) Land is neither produced; nor is it reproducible

“Land” in economics refers to all natural resources and agents with their sites (locations and extensions in space). Land is not produced; it was created. Land is a gift of nature. It can only be acquired and man, at best, can only improve and develop capacities inherent in the land. There is

no “made land” in the economic sense. It is reallocated from other uses. Hence, economic land excludes, for example, land fill or land reclamation by which cities may be extended into shallow waters. Here, the site and seabed are properly land, while the land fill is considered only an improvement.

b) Land is permanent and recyclable

Land as “site”, namely its location and extension, does not normally depreciate, spoil, obsolesce or get devoured by human activities. On the contrary, land is normally expected to appreciate in real value in the long-run. This is so because while values go in cycles, they tend to go upwards as population, capital, and demand all grow whereas land remains fixed. Most attributes of land also withstand use and abuse. Both land and capital are subject to demand-obsolescence from changes in tastes and fashions, but overall the taste for land as a consumer good rises as incomes and wealth grow.

The land share of residential real estate value rises sharply with its total value, making the land part of residential real estate a “superior good” while the building part is not. It follows that the demand for land arises over time with incomes, but faster than incomes. For example, the soaring demand for an economic activity preempts uses that increasingly dwarf mere rudimentary uses for prime lands. There is also a high and rising technical multiplier of demand for land to complement economic activities, such as the need for parking space etc. Land is reusable or recyclable. Technically, all land is second-hand, most of it previously-owned. With no new supply of land, the old is recycled periodically and in perpetuity without changing shape or site. Land, hence, is fi t for another use at any time. As such, land retains a practicable, measurable and meaningful opportunity cost.

c) Land supply is fixed

Being permanent and not reproducible, the supply of land is fixed. While buildings that occupy a site may have been demolished, replaced or heavily remodeled, streets repaved, widened and utilities enhanced over time, the land remains the same. This nature of land manifests itself in various ways, starting from the fixed nature of the overall planet and political jurisdictions

defining areas of land. The immobility and permanence of land as site and the acquisition of land of necessity from others thus makes land a pervasive basis of market power.

d) Land is immobile in space

A growth in demand for land in a specific location or neighborhood cannot result in the migration of land from another location to meet the higher demand. Under the circumstances, higher demand for land results not in increased supply, but in rises in ground rent. Hence, land values are marked by continuity in space, meaning that the price of land is closely related to that of adjoining land, for they are usually near substitutes. It is, therefore, possible to map land values as one would map elevations, drawing contour lines of equal unit value.

e) Land price serves as a guide and determines the character of capital

When rents and land prices are high investors revert to forms of capital that substitute for land, tempering land scarcity and shaping capital stock in a particular way. Such substitution is an integral part of the equilibrating function of markets. While high wages induce labor-saving capital, high rents evoke land saving capital. In respect of urban land, high rents and high land prices induce a number of substitutive capitals.

These include:

- Land-saving capital, like high-rise buildings;
- Land-enhancing capital, in the sense of capital used to improve land for new, superior use;
- Land-linking capital, like city streets; and
- Land-capturing capital, resembling squatters' improvements.

2.1.5 Types of Urban Land Tenure Systems

A pioneering UN study in 1973 on urban land policy and land use control measures identified a wide range of formal and customary tenure systems (Payne, G., 2000). As a general working definition, land tenure relates to the mode by which land is held or owned, or the set of relationships among people concerning land or its product.

Property rights are similarly defined as a recognized interest in land or property vested in an individual or group and can apply separately to land or development on it. Rights may cover access, use, development or transfer and, as such, exist in parallel with ownership. Different forms of tenure may co-exist in the same country and, at times, even within the same city. Each form of tenure has its advantages and limitations. Among the most common types of tenure in developing countries are the following:

Customary tenure. Customary tenure is found in most parts of Africa. It evolved from largely agricultural societies in which there was little competition for land, and hence land had no economic value in itself. Allocation, use, and transfer of land have been determined by leaders of the community according to needs, rather than through payment. With urban expansion, the system has become subject to commercial pressures.

Private tenure. This system permits virtually unrestricted use and exchange of land and is intended to ensure most intense and efficient use of land. The primary limitation of private tenure is the difficulty of access to land by lower income groups.

Public tenure. It seeks to enable all sections of society to obtain access to land under conditions of increasing competition. Although it has frequently achieved higher levels of equity than the private systems, it has rarely achieved the intended high level of efficiency due to bureaucratic inefficiency or systems of patronage and clientage.

Non-formal tenure. This type of tenure allows holdings in the form of squatting, unauthorized subdivisions on legally owned land and various forms of unofficial rental arrangements with varying degrees of legality or illegality. Some of these non-formal categories, such as squatting, emanate from the inability of public allocation systems or land markets that provide for the needs of the poor. Even then, access to lower income groups through such arrangements is becoming increasingly constrained. Despite this, informal tenure categories remain the most common urban tenure category in many countries and accommodate the majority of lower income households, oft en expanding more rapidly than any other tenure categories.

There may be more than one legally acceptable system operating in many countries.
The co-existence of these different tenure systems and sub-markets within most cities creates a complex series of relationships in which policy related to any one may have major and oft en unintended repercussions on the others. It is, therefore, vital to assess the full range of de jure and de facto tenure systems and sub-markets that exist in any city before any attempt is made to intervene in land markets.

2.1.6 Urban Land and Physical Planning

An aspect of urban land that is associated with its economic value is its physical planning. For the purposes of this study physical planning is the designing of the optimal physical infrastructure of an administrative land unit, such as transport facilities/roads, power and facilities for towns, and other human settlements in anticipation of population increase and socio-economic development, and taking into account the outcome of land use zoning and planning. Physical planning has both rural and urban development aspects, though the latter usually predominates.

Physical planning is normally carried out by the state, or by local government organizations for the general good of the community. The purpose is to have a holistic view of the development of an area than individuals can or would. Physical planning has two main functions. Those functions are developing a rational infrastructure and restraining the excesses of individuals in the interests of the community as a whole. The latter usually leads to physical planning being associated with a system of laws and regulations.

Hence, land use planning is considered a decision-making process that facilitates the allocation of land to the uses that provide the greatest sustainable benefits based on socio-economic conditions and expected developments of the population in and around a natural land unit. This is best done through the analysis of multiple goals and assessment of the intrinsic value of the various environmental and alternative uses of the land unit for an indication of a preferred future land use or a combination of uses. A process of negotiations with all stakeholders would further

help generate concrete mechanisms for the allocation of land for specific uses and/ or non-uses through legal and administrative measures, which will lead eventually to implementation of the plan. In this exercise are also included per-urban areas that directly impinge on rural areas through the expansion of building construction onto valuable agricultural land.

As already noted, land use planning requires the evaluation of options and subsequent decision-making which precedes implementation of a decision or plan. It further requires sound land resources management. Land resources management relates to the implementation of land use planning in harmony with and the direct participation of stakeholders. This is achieved through political decisions; legal, administrative and institutional execution; demarcation on the ground; inspection and control of adherence to the decisions; and solving of land tenure issues. This hinges on three elements: the stakeholders, the quality or limitations of each component of the land unit, and the viable land use options in the area. The factors to be considered in the planning process include the amount of land available and its tenure; the quality, potential use, and suitability of the land for a designated use; and population density as well as the needs and standards of living of the people, all interacting among one other.

2.1.7 Policy Issues to be Resolved

Under conditions of rapid urbanization, competition for secure and serviced land increases. This places pressure on existing tenure systems and requires governments to formulate policies, which encourage efficient land use and improve accessibility to land, without sidelining the urban poor. The central policy issue, hence, becomes what forms of land tenure best achieve these objectives of efficiency and equity.

Among the diverse approaches toward land tenure, public land ownership, as opposed to private freehold ownership, became popular in many countries, especially in the 1970s. Some 20 of the then 40 countries in sub-Saharan Africa, for instance, had nationalized all lands at the time. Nevertheless, the increased strain that public ownership places upon the state has, in many instances, proven to be beyond the ability to develop and allocate lands according to needs. In

countries where governments pursued private land ownership, high costs and inappropriate regulatory frameworks restricted access to land. The need to resolve both the issues of land tenure and, where public ownership is the preferred mode, withstand the strain that public ownership places by creating the requisite capacity to develop and allocate lands according to needs and in a manner that such a policy intends to accomplish, thus becomes of paramount importance.

Through land use planning, improved and sustainable land uses are identified which optimize the objectives of the individual land user and those of the community at large. National, provincial, and local governments may levy fees on certain land allocation mechanisms, including formal or informal land market transactions in urban or per-urban areas. They may place limitations on the leasing, owning, buying or selling of land, if this is perceived to be detrimental to equitable land use or community interests. They may also provide incentives, such as subsidies or infrastructure works, to ensure more equitable, productive or conservational use of the land.

The evaluation of land and land use planning for different actual or potential purposes requires a series of steps including the following:

- The establishment of achievable goals and objectives with stakeholders;
- The identification and delineation of land and land use on the basis of comparable characteristics into zones;
- The assessment of identified land units for the proposed objectives, including constraints and opportunities;
- The assessment of the alternative land uses against the needs and aspirations of all population groups (to be) involved and affected, with the stakeholders; and
- The identification of policies, strategies and measures to be taken to move from the current to the recommended land use and with the active participation of all stakeholders.

Once consensus has been reached through consultation and negotiation on the contents of a land use plan, its execution involves a number of actions. These include political decisions to proceed with the identification and acquisition of the required funds for implementation; the legal,

administrative and institutional execution; demarcation on the ground; and finally the inspection, monitoring and control of adherence to the decisions taken. Updating and adaptation of the plan at various stages of execution is also required. The goal of an integrated approach to planning the use and management of land resources is to make optimal and informed choices on the future uses of the land. This can best be achieved through interactions and negotiations between planners, stakeholders and decision-makers at national, regional and local levels. This would enable all stakeholders to be involved in the decision-making process on the sustainable, equitable and economic use of the land and to follow it through to a successful implementation.

2.1.8 Socio-economic Significance of Land in Ethiopia

Land has enormous socio-economic significance as a key productive asset and source of income. In Ethiopia, as elsewhere in the world, this enormous socio-economic significance stems from the fact that land is a source of wealth, economic growth, employment and a source of basic survival of the majority of the population. In respect of urban land, this is further accentuated by the rapid urban development that leads to swift and drastic changes in the physical, economic, social, political and administrative structures of the cities.

Governments in all countries and at all times have felt bound to guide and control the important structural changes taking place in the urban land market citing the following main justifications:

- Redistributing society's scarce resources to benefit the disadvantaged groups;
- Eliminating market imperfections/failures to increase operating efficiencies; and
- Removing externalities so that the social costs for land market outcomes correspond more closely to private costs.

The justifications given are both political and economic. A wide variety of tools are available for governments to implement the objectives of regulating land use, however much limited these may be in practice. Those mechanisms include planning tools, zoning ordinances, building regulations and by-laws, permits, inspections and penalties.

The Urban Land and Extra Housing Reform of 1975 was a measure that fundamentally changed both the ownership of urban land and housing and the way these are administered by abolishing private ownership of urban land and extra houses without any compensation to previous owners, ending a feudal order and the corresponding land tenure system that had existed for years.
Following the ouster of the military government in the early 1900s, however, urban land lease holding system was introduced to the country — the system in rural parts of the nation remaining more or less the same as that of the past regime.

2.1.9 Characteristics of Decentralized Governance Systems

All important decentralizing changes take place in one or more of three dimensions: political, fiscal, and administrative. It is important to note at the outset that changes in any one dimension do not necessarily require changes in the others, and that none of these dimensions is more significant than the others. As the decentralization trend has gained speed, there has arisen a tendency to consider the political dimension most significant, and to conclude that genuine decentralization cannot happen in the absence of political decentralization.

Decentralization can also serve as a mechanism toward multiple goals, including stability, democracy, and economic development.

Therefore, decentralization's multiple dimensions, goals and arenas make it a complicated and somewhat difficult phenomenon to understand.

Despite all this complexity, however, all decentralizing changes must embody certain key characteristics in order to succeed. These are:-

I. **Authority: -** For decentralization to be meaningful, sub national administrative units or governments must work in a way that benefits their residents, who should be made aware must know what authority local administrators or councilors. It is hence necessary for sub national governments or sub national administrative units of the national government to be given authority that enables them to undertake specific functions.
II. **Autonomy: -** Decentralization requires that sub national administrative units or governments be given some degree of autonomy over their authority.

III. **Accountability: -** Decentralization can be effective when those with authority have an adequate accountability to local citizens. Accountability provides a central link between formal decentralized institutions and citizens, which is the core relationship in democratic local governance. Without accountability, sub national officials with strong authority and autonomy will be functionally equivalent of autocrats.

IV. **Capacity: -** Effective decentralization requires that sub national administrative units or governments have adequate capacity to use their authority and autonomy to be responsive to local people. If these authorities are unable to deliver to the local residents' expectation, the potential benefits of decentralization are unlikely to be realized.

2.1.10 Land Governance

Governance is the exercise of political, economic and administrative authority in the management of a country's affairs at all levels.

Similarly, land governance refers to the power and the political economy of land. The power structure of society is reflected in the rules of land tenure; at the same time, the quality of governance can affect the distribution of power in society. Tenure is the relationship among people with respect to land and its resources. These rules define how access is granted to right to use, control and transfer land, with its associated responsibilities and restrictions.

Therefore, land governance, entails rules, processes and structures through which decisions are made about the use of and control of land. It refers to the manner in which the decisions are implemented and enforced and the way that competing interests in land are managed. It includes state structures such as land agencies, courts and ministries responsible for effective management of land.

Accordingly, Ethiopian regional governments have duties to administer land and other natural resource in accordance with the Federal laws.

2.1.11 Land Use-Related Issues

According to Ruben and Paez (2005), government presence in the land and real estate market through land use and planning and urban management remains weak. Severe problems affect the land markets in the country and these arise from unclear and inconsistent land laws, policies and inadequacies in land administration and management. In place of a comprehensive land policy, there are uncoordinated laws that guide the development of specific land types and a web of fragmented institutions that manage them (Mercado, 2002).

A recent study (Ballesteros, 2000) on urban land markets in Metro Manila emphasized the urgency of correcting contradicting policies on land use planning and management as they lead to land misuse, land speculation and high transaction costs. It is thus, interesting to note that while Metro Manila has the lowest per capita unit costs of construction among neighboring cities in Asia; its housing is more expensive as a result of these transaction costs. Meanwhile, transportation network has strongly affected urban development direction and land use.

Land use zoning, which was institutionalized starting in 1981, did not guide much the development process. Instead, strong market forces and active private sector played a key role in determining urban formation in which the availability of transportation infrastructure is the key consideration. Yet again, this is largely attributed to the fragmented institutional responsibilities and the unclear role of the LGUs in implementing land policy and determining land use classifications. This is exemplified by the traditional weak link between land use plans which LGUs are mandated to prepare and the transportation infrastructure strategy that national agencies formulate and implement. A more comprehensive definition of the future direction (vision and structure) of the metropolis could be a more effective strategy to guide LGUs in their development planning and the private sector in locating investments in lieu of inflexible land use plans and zoning which have been deemed to be ineffective planning instruments in large urban areas such as Metro Manila as they are often ignored or made irrelevant by market forces.

2.1.12 Public land development

Scores of developing countries have set up parasternal organizations to carry out land development. Most often they were established to carry out three objectives: to 1) channel affordably priced land and housing projects to low- and moderate-income households; 2) ensure that the land-value increases associated with infrastructure provision were not appropriated by private developers; and 3) that important but risky projects avoided by the private sector are undertaken. Implicit in these sensible goals are two important assumptions: the fruits of the land development agencies actually end up going to low- and moderate-income households and the public land development agencies are efficient. Despite the great hope placed on public land development, it has mostly been a failure. As a rule, public land development agencies have evolved into very large and inefficient organizations incapable of reaching a scale of production which would justify their size (van Meurs, 1986).

2.1.13 Land as the Platform for Economic Activity

It is essential that decentralization or at least deconcentration of authority to municipal level concerning reform and coordination of land management to take place for effective land management. Direct involvement of central government in land management and delivery obstructs adequate policy and decision-making at municipal level because it lengthens bureaucratic procedures and widens the gap between the planning process and implementation at that level.

Poor spatial patterns can cause diseconomies of agglomeration. Under such circumstances, traffic congestion, pollution, and land degradation impose external costs on enterprises and cancel-out the beneficial effects of agglomeration economies. As Richardson points out, large, megacities cannot operate efficiently if they have only one main business center; they must transform themselves from “Monocentric” to “Multicentric” metropolitan areas. This transformation is difficult, and most planning controls have not been successful in redirecting growth (Richardson, 1988).

Poor infrastructure conditions have dramatic effects on economic productivity. Recent research on urban infrastructure in Nigeria has illustrated that unreliable infrastructure services impose heavy costs on manufacturing enterprises. In Lagos, virtually every firm has its own electrical generator to cope with persistent blackouts and brownouts. These firms typically invest between 10 to 35 percent of their capital and operating expenses to compensate for other unreliable services – water, telecommunications, and public transportation for workers. The impact of such compensating investments falls heavily on small firms, making it more difficult for entrepreneurs to start-up new firms (Lee and Anas, 1989).

2.1.14 Obstacles to Access to Land

According to David E. Dowall and Giles Clarke 1996, and their review of 21 case studies across Africa and the Arab States, the main conclusions of a recent inter-regional seminar noted a surprisingly high degree of similarity in common obstacles to access to land:

- A multiplicity of land delivery mechanisms in urban areas, which has not been acknowledged by government. This has led to the emergence of large irregular settlements which are not or are undersupplied with basic municipal services.

- Land information systems that are not uniform and are generally inadequate.

- Access to land for women and the poor is impeded by legal, economic and cultural obstacles.

- Direct central government interventions in the land market have generally been found to be ineffective and wasteful, while the positive potential for local government has not generally been utilized. In consequence, the public land delivery system has generally not been responsive to people's needs.

2.2 Theoretical Literature Review

In this chapter the theoretical part describes theories of urban land delivery procedures, stakeholders involved in land delivery, challenges that hinder the decentralized urban land delivery systems for investment purposes, response options in order to address the challenges.

2.2.1. Urban Land Delivery Procedures for Investment Purposes

An adequate land supply for variety of investment activities, sites of various sizes and locations are necessary to accommodate a range of potential small, medium and large land uses, in accordance with local economic development objectives of equal or greater importance to job growth is the provision of adequate roads and utilities.

Doebele (1982), states urban land acquisition process begin by selection and prioritization of appropriate area for development through changing the agricultural land to urban use or through redevelopment program. Land development is strategy that helps to tap potential that exist in urban land delivery system. Dauskardt (2003) provides the important starting point for examining land management in cities and towns of developing countries is to develop an understanding of the relevant delivery systems and the processes and dynamics at work cited in (Lechisa 2010). Providing of adequate serviced land attract investors and investments. An appropriate procedure of urban land delivery system is a tool of adequate supply of land.

Otak and ECONorthwest (2002) point out that, without an adequate supply of readily serviceable sites, job growth will be slower; existing firms will have trouble expanding; local start-ups will find space expensive; firms interested in locating in the region will go to where serviceable land is available and less expensive. Land-use planning in cities and town areas takes a different form and often has different objectives from those in the rural areas.

Land consolidation and other land reforms need to address a wide range of social and economic issues in order to achieve sustainable development. The land administration authority can be a

prime source for information in support of land reform. In general, land consolidation is a set of procedures that can enhance the quality of life and encourage the whole investment activities.

Land-use planning in cities and town areas takes a different form and often has different objectives from those in the rural areas. Land consolidation and other land reforms need to address a wide range of social and economic issues in order to achieve sustainable development. The land administration authority can be a prime source for information in support of land reform. In general, land consolidation is a set of procedures that can enhance the quality of life and encourage the whole investment activities.

2.2.2. Stakeholders Involved in Urban Land Delivery System for Investment Purposes

Many land administration organizations are now run on business lines and operate in accordance with organizational and financial plans and strategies that anticipate developments at least five years ahead. The first requirement in running a land administration agency as a business is to have something equivalent to a business plan. The minister with responsibility for land administration will issue broad guidelines but these may need to be expanded to define more clearly the way in which the service will operate whether as an authority or as an agency. Some agencies operate entirely from the center while others work through regional and district offices.

The degree of decentralization may be determined by economic factors or by political considerations, the responsibility for which lies outside the control of the agency concerned. It is important to have a unified system throughout the country but depending on the circumstances there may need to be some regional variations. There may also need to be compromise between the different land administration activities, such as access to the land books or title registration or to cadastral data (UN 2005). When preparing a strategic plan, part of the analysis will relate to organizational structures and how services should be delivered.

A careful examination of the actions that national and local governments have taken to improve urban land development will reveal a depressing record of failure and mismanagement in most countries. Although there are pockets of success, they are exceptions. Most problems fall under one of three headings: poor conceptualization of problems, such as failing to consider market forces; poor inter-governmental agencies ‘coordination and coordination between government agencies and private organizations, both at a formal and informal level; and not enough funds to undertake the appropriate execution (Dowell 1995). Lack of appropriate organizational structure can limit administrative allocation of urban land for investment purposes.

2.2.3 Challenges Hinder Urban Land Delivery System for Investment Purposes

The most critical element of the assessment is the estimate of the current and future supply of developable land. Developable land is defined as land that has reasonable access to roads and other critical infrastructure systems, such as water and electricity, and is not constrained by physical impediments such as steep slopes or by governmental limitations on development. Which lands are potentially developable can be determined by examining parcels for physical constraints, governmental policies, and the location of current infrastructure must additional assessments should be made of the potential for the redevelopment of urban areas (Dowall 1995).

2.2.4 Response Options in Order to Address the Challenges of Urban Land Delivery

According to (UN 1996), in order to encourage investment within a market economy, the State should establish mechanisms whereby land markets can operate efficiently and effectively. Every government delegates the implementation of its land policy to its ministries and departments or to other governmental authorities. In addition, it may receive appropriate levels of support from the private sector. The structure of most governments includes a cabinet or central decision-making body, and a series of ministries.

Centralization can lead to economies in administrative procedures, standardization in documentation and the exchange of information between users, and economies of scale in which large and powerful systems can be used with mass production techniques. Decentralization offers advantages, especially in a country where distances are great or travel is inconvenient. From a political perspective, bringing government closer to the people through decentralization has considerable appeal. From a practical point of view, placing land administration offices at the district or local government level tends to ensure greater accuracy and effectiveness.

According to Ljung and Farvacque, 1988 cities make important contributions to economic growth, accounting for approximately 60 percent of the gross national product of developing countries. They are the principal engines of national economic growth, serving as incubators for

new and emerging enterprises and places where goods, information, labor, and other services are efficiently exchanged. In short, cities are theaters of economic productivity and land serves as the stage. If the stage is cramped, too expensive, or lacking adequate infrastructure, economic activity will be stifle.

2.3. Empirical Literature Review

The empirical one illustrates the formal urban land delivery procedures, the stakeholders involve in formal urban land delivery system, challenges hinder the formal urban land delivery system and the way to improve prospect and address the challenges had dealt with national and international prospects.

2.3.1. Urban Land Delivery Procedures for Investment Purposes

Around the world, fertile land is being made available to investors, often in long-term leases and at giveaway prices. Various experiences of different countries have shown important facts regarding to administration and management of urban land. In Ukraine, conditions for efficient functioning of market institutions (land exchanges, land banks, land auctions), which should facilitate development and functioning of the secondary land markets, are not created, clear and accessible information on land plots, their value, their market history (information on time value of land plots) and restrictions on their use are absent. Lack of a clear, publicly accessible system for managing market transactions is another great disincentive to investment in land.

Potential investors are more concerned with the existence of a reliable, stable and transparent structure than with the specific nature of property rights (Strong 2003). In order to implement the new urban land administration, Ukraine introduce it by aggregating the legal, spatial and normative decisions that enables the authorities to prevent multiple interpretations of the pre-designed use of land (Petrakovska 2010). Practical legal and regulatory frame work is important in order to run out urban land delivery system efficiently.

In most developing countries, land application and allocation procedures for urban land area often protracted and time consuming and poor people are often left out of land allocation processes (UN-Habitat, 2010, p.85). Due to poor system of governance, poor people are becoming out of land acquisition through formal land market should stay longer time, waste money and energy and at the end become hopeless and turn their face towards informal land market.

The complex organizational procedural steps require technical knowledge to get access to land, which the major has not been able to afford it. Thus, delay and complex procedural steps hindered access to formal land.

According to Dowall and Ellis (2009), in Pakistan processing of applications for site development, approval of related plan and issuance of associated permits is slow and complex, and may take up to a year to complete. Dowall (1991) argues that, land allocation process is highly bureaucratized and inaccessible; it is too complex, and requires technical knowledge and majority of the people does not have access to land or have difficulties to afford it. The high capital cost of obtaining development approval, long delay in obtaining approval, attributed to cumbersome procedures, and lack of capacity in governmental organization are the major challenges that constraint the formal land allocation procedures. Issuance of associated permits is slow and complex, and may take up to a year to complete.

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In Zanzibar, the general objective of the land acquisition procedures is to enhance urban and rural planning while maintaining both sustainable control and management of land use. To formally acquire a plot in a planned area, it must first be declared as planned, and then undergo

formal land acquisition accompanied by a process of adjudication, surveying, demarcation and compensation for the residents and people with interest to the land in question. This process involves an application and a discussion of the land allocation by the district land allocation advisory committee (Zanzibar Land Acquisition Decree and Land Tenure Act, 1992).

According to Garba and Mubaiyedh (1999), in Nigeria, high standard in land allocation leads to a waste of valuable land and contributes to shortages. The shortage in land supply pushes up price and limits the access of land. Complete lack of established information system coupled with the centralized decision making system that characterizes the system inefficient, has led to the isolation land management from the reality of what is going on in urban area of the country.

Achieving efficient land use, encouraging investors and investment and realizing the cost of urban land and make an efficient use of it are some of the major national and regional goals in Ethiopia. To achieve these goals, the government of Ethiopia has accepted urban land lease policy as the alternative land tenure system so as to provide a room for individuals and investors to land to use land use rights through transferring from the state to land users. All new land allocation to Ethiopians or foreigners is to be made under the lease system with a minimum duration of 70 years (for commercial activities) and a maximum of 99 years (for residential purposes) (Belachew 2010).

To obtain land, investors are also required to prove their financial capacity to undertake their proposed investment plans. The major formal land delivery system for investment purposes in Ethiopia urban centers is through the lease mechanism. But in some smaller towns it is on a rental bases. Land is a public property and an individual can enjoy only the use right of land under his/her possession. Thus, the means to acquire legally (formally) a plot of land for investment purposes is dependent on the efficiency of lease policy application. Gondo (n.d), Lease Proclamation No 272/2002, is the active law regarding land provision, and indicates different ways how one can acquire a piece of land. The way land lease transfer include auction, negotiation, lottery system and through an award system. For investment purposes in Ethiopia urban centers is through the lease mechanism. But in some smaller towns it is on a rental bases.

2.3.2. Stakeholder Involved in Land Delivery System for Investment Purposes

China's urban land reform has created a fast-growing real estate market. According to the Chinese land law, the government owns all urban land in China Private parties can lease urban land from the government, then sell or mortgage the land use rights. The maximum lease terms are 70 years for residential, 50 years for industrial and 40 years for commercial. In Beijing, there are three ways to obtain a land lease: private negotiation, private tender and public auction (Frederic 2003). Yet, the law does not stipulate which level of the government is the owner.

Actors involved in land allocation of Zanzibar are Ministry of Water, Construction, Energy and Lands, Attorney General Office, Registrar of Documents General Office, Radio station Government Gazette, District Commissioner Office, Sheha and Village Elders and Sheha's Advisory Committee are the main stockholders involved in urban land allocation procedures in Zanzibar (Zanzibar Land Acquisition Decree and Land Tenure Act, 1992). The stakeholders involved in land allocation various from country to country.

All the three tiers of government federal, state and local are involved in land management in Nigeria in most cases through their agencies. Investigations revealed that there is within the ministry land use and allocation committee created by the land use act for the purpose of allocating lands to desiring members of the public. It should be noted that the activity of the department in the area of land allocation is limited to government land which account for less than 10 percent of urban land use in Akure (Aribigbola 2008: 6). The responsibility for controlling and managing land in Akure rests on Ministry of Works Lands and Housing.

In Ethiopia, the authority to supply and sell urban land and determine the terms of redevelopment rests with the regional and local governments and the power over land lease by the individual regions is supposed to create incentives and opportunities for them to attract investment capital and promote developments in their jurisdictions. The accountability of organization shows from a political perspective, town administration is accountable to; Zone administration and Zone is accountable to Oromia Regional Government and regional governmental is accountable to Federal Government.

Redevelopment rests with the regional and local governments and the power over land lease by the individual regions is supposed to create incentives and opportunities for them to attract investment capital and promote developments in their jurisdictions. The accountability of organization shows from a political perspective, town administration is accountable to; Zone administration and Zone is accountable to Oromia Regional Government and regional governmental is accountable to Federal Government. The onus for allocating land for investment activities, and creating leases and setting rentals on land to be transferred to investors rests with them. Starting with the investment Code Reform No. 15/1992, the government established the Ethiopian Investment Agency (EIA) to service investors and in 1993 a Proclamation (Proclamation No. 80/1993) was officiated for the lease holding of lands, which was later enacted by the urban land lease holding Proclamation No. 272/2002 (Alebel and Genenew 2007a).

New investors or those who want to expand operations can get plots only on a lease-hold basis, with a right of use for periods ranging from 50 to 99 years depending on the purpose of use and location. Each regional state has also its own land-use regulations that fix the rental value and lease period of the land (Gondo n.d). There are still some outstanding issues (for example, the process of converting existing land permit tenures to land leases and the cost to the existing permit holders).

2.3.3. Challenges of Urban Land Delivery System for Investment Purposes

The major challenges hinder formal urban delivery system for investment purposes are pointed out by different authors and organizations are discussed below.

2.3.3.1. Institutional Challenges

Institutional challenges are the major factors that limit administrative allocation of urban land for investment purposes. Dowall (1989) indicated that, the staffs of the most public land development agencies are lack the necessary skills to manage the complex and risky process of land development. Lengthy and complicated bureaucratic red tape and procedures are limit land

development and delivery system (Teshale 2010). This implies that institutional related issues influence formal land delivery system. Lack of appropriate organization set up for land management and development system and absence of human resource development and capacity building in relation to land development supply system are forefront problems.

Another institutional challenge is about establishing a suitable balance between national policy-making and local decision-making. This challenge relates to good governance and to the issue of decentralization with regard to the delegation being made between governmental levels. Decentralization of land-use decision-making immediately raises the question of suitable local institutions and organizations for managing these tasks (Enemark 2003). It will be far easier to reform urban land policies if responsibilities for them are delegated to local governments. As a second step, national level assessments of the legal and institutional arrangements for urban land policy making and implementation should be undertaken.

If power can be developed to local government, the reform initiatives outlined below can be more effectively pursued and better structured to fit local land market conditions (Dowall 1996). In addition, they must clearly define and enhance public-private sector relationships and partnerships, and the operation of professional organizations pertinent to land administration (Melkamu and Shewakena 2010). Since strong institutions are the major vehicles of policy and legal enforcement, it is generally recognized that inappropriate institutional arrangements are often the biggest bottlenecks in undertaking land administration reforms. Thus, governments must address a number of major issues relating to institutional reform such as defining responsibilities, setting intergovernmental coordination, and promoting decentralization.

2.3.3.2. Centralized Decision Making Power

According to Giles Clark 1996, final and cross-cutting problem of “too much government” is that most government interventions into urban land management are far too centralized. Many nations have national regulations regarding land-use planning. Locally prepared land-use plans are frequently required to be reviewed by national ministries of planning or local government.

Since this review process takes months (actually years in many instances), the approved plans are clearly out of date. Such reviews offer little benefit to the local government, but where they become effective they ensure that the central government can maintain control over land management.

A clear example of the problems of centralized land management is reflected in the bottlenecks associated with land titling and registration. Ghana and Peru have operated with highly centralized procedures for land registration and titling. In most cases, the process is time consuming and complex. In Peru, before recent reforms, titling required 207 bureaucratic steps handled by 48 different government offices, including the Office of the President. Navigating through these hurdles took about 43 months (deSoto, 1989).

In Ghana, securing title to a plot can take at least one year, usually longer, and involves shuffling papers back and forth between local and national offices of Land Commission. The Byzantine administrative structure severely impedes the titling system. Responsibility for service provision should be allocated on the basis of the principle of subsidiary, that is, at the closest appropriate level consistent with efficient and cost-effective delivery of services. This will maximize the potential for inclusion of the citizenry in the process of urban governance. Cities should be empowered with sufficient resources and autonomy to meet their responsibilities (UNCHS 2000).

Decentralization and local democracy should improve the responsiveness of policies and initiatives to the priorities and needs of citizens. According to Dowall (1991), there are laws, policies, and procedures that dictate how land can be made available and how it should be developed. Bernstein (1994) argues that, excessive land regulations have constrained the supply of land in developing countries. Lack of effective land policies and inadequate ambitious regulatory frameworks are some of the major factors accounting for efficient land delivery. Public monopoly ownership of land and centralization of power and its inherent characteristics: bureaucracy, lack of transparency, corruption and inefficiency are the main bottlenecks to efficient land allocation (Belachew 2010).

The national government's role in land management needs to be reconsidered. National government is better suited to set broad standards for titling and registration, and policies on environmental impacts related to urban development. Local governments should have more control over decisions regarding land development, siting of major facilities, and land-use regulation.

More discretion should be granted to the private sector, and reforms should be encouraged that promote competition in the construction and land development industry (Peterson, 1990). Private enterprises should be regulated to minimize adverse environmental impacts associated with land development and where appropriate, they should be required to provide and/or build public goods such as parks and drainage systems. Additionally, important linkages between the private and public sector should be made to improve land and housing development for low-income groups.

It will be far easier to reform urban land policies if their corresponding responsibilities are delegated to local governments. As a second step, national level assessments of the legal and institutional arrangements for urban land policy making and implementation should be undertaken. If power can be developed to local government, the reform initiatives outlined below can be more effectively pursued and better structured to fit local land market conditions (Dowall, 1996).

Last but not least, Parfect and Power (1997), conclude that an increase amount of land development takes place out the formal sector and the government lands the major factors accounting for efficient land delivery. Land development policies were "flying blind" without what was going on the land market takes place out the formal sector.

2.3.3.3 Land Speculation

It can drive land prices beyond the productive value of land and causes a bubble land and property market. On demand side, land speculation can be triggered by excess liquidity in the financial markets caused either by rapid economic growth or due to lack of opportunities by investors to invest in other sectors of economy, in slow growing economies, on the supply side;

land speculation can be caused by bottlenecks in the availability of serviced land (Doebele, 1987).

It is the process of purchasing and selling in future certain land and property with high price. It occurs when the demand for lands at present time or in the near future, outweighs the supply of land. In different country the process of land speculation was observed. As Abrams (1964), has demonstrate the example of Turkey's land speculation character, private speculators buy large aggregations of land from farmers or from the state or the city, run a line through each plot horizontally as many times as possible, then as many times vertically as possible.

This situation would be proper where land is privately owned but in the case of Ethiopia, the farmers shall not allow to sell their land but especially at the pre urban area. More often what the private speculators did is, they buy a plot of land and build a small house at the back of their plot. They keep the land until the development reach in their surroundings.

2.3.3.4. Poor Infrastructural Facility

Infrastructure services are a major factor for accelerant socio-economic development in general. The availability of socio-economic infrastructure such as road, power and water supply are the pre-conditions for attracting private investment. Hence, access to a well business developing infrastructural base is critical to business development and the attainment of economic growth. World Bank 2005, point out that infrastructure is a precondition for attracting private sector investment. One of the factors contributing to low growth rates in developing countries, is insufficient, inappropriate and poorly maintained physical infrastructure. The availability of relevant infrastructure, therefore, has a major impact on enabling environment for socio-economic sector activities.

In fast-growing cities, infrastructure deployment persistently lags behind demand (UNCHS, 1987). In Karachi, only 50 percent of housing units have water and sanitary connections, 70 percent have electricity and 38 percent have gas connections (Dowall, 1991c). The lack of adequate services imposes tragic health effects on millions of households in terms of dysentery,

hepatitis and cholera. Infrastructure deficiencies also exact a heavy toll on businesses and industries. In Nigeria, lack of electrical, water, and transportation services forces enterprises to divert precious resources to fund the self-provision of infrastructure (Lee and Anas, 1989). This self-provision is extremely inefficient since it is impossible for firms to achieve economies of large-scale production. In Lagos, up to 35 percent of the costs of new plants go for on-site infrastructure.

The most critical constraint thwarting infrastructure investments is the chronic lack of capital to finance projects. Given the limited financial resources available to local governments in developing countries, it is of paramount importance to design and implement new methods for financing infrastructure to support urban land development. Unless cities adopt a system of taxes, user fees and charges, inadequate infrastructure provision is likely to persist. One method gaining widespread acceptance is for projects to pay for infrastructure development. Urban land policies can be implemented to increase funds for development by levying taxes, fees, or user charges.

Another intervention to improve land market efficiency and promote the financing of infrastructure systems is to tax or levy fees on vacant land owners. Many countries are or will soon start taxing vacant land owners. The argument for the tax is to make the cost of withholding "ripe" land from the market more expensive and to encourage owners to sell or develop their parcels. The track record of these taxes is mixed. Most taxes are insufficient to modify the behavior of property owners (Renard, 1991).

A more efficient mechanism is to impose special assessments on all owners of land to finance new infrastructure investments regardless of whether the land is developed. The assessment will ensure that the costs of infrastructure are recovered by passing them on to benefiting properties. It may also provide a more powerful incentive to encourage the development of vacant land.
Even when resources are available for infrastructure investment, poor coordination may constrain land development. In some cases the problem may be insufficient coordination between infrastructure agencies themselves. In other cases there may be more general weakness in the plan-making and enforcement mechanisms available at the city level which leads

infrastructure agencies to dismiss the planning apparatus as too weak to act as an effective framework for their investment plans. Other reasons include conflicting objectives among line agencies and different funding sources for each of the infrastructure components.

2.3.3.5. Joint public-private real estate development

One of the clear roles for scaled-back public land development corporations is to assist developers in tackling large and complex projects. The risks of large projects can be better managed through partnerships between private land developers, construction contractors and government agencies. Teaming up creates mutual benefits for public agencies and developers.
The possible benefits to the public sector include: urban redevelopment of decayed neighborhoods considered too “risky” by developers to tackle on their own; increased economic activity and taxes as under-utilized and surplus lands become developed; financial gains from ground lease income and participation in ongoing cash flow from joint development projects; private developer-provided public spaces and amenities such as theaters and cultural centers; and developer subsidies for new public facilities.

Land readjustment is one method for structuring joint development projects where the public sector uses its land acquisition powers to assemble land. It has been very successful in Korea and Japan (Doebele, 1982. In the Seoul area has been provided through readjustment schemes. In many urban areas, the configuration of individual plots is inefficient and does not allow for the efficient provision of roads and urban services. In its simplest form it involves the pooling of land owned by the participants of a redevelopment scheme. Upon completion of the planning, re plotting and deployment of urban services, the participants receive back a portion of their land. Not all of the land is returned to the participants because some of it is used for roads and infrastructure, and some of it is sold to generate funds to pay for the redevelopment of the area. Land readjustment can be voluntary or it can be compulsory.

Other variations of land readjustment have been developed including land pooling and land sharing. These approaches have been promoted to address the problems of slum clearance. In the case of land sharing the squatters negotiate an agreement to share the site with the owner.

In many central city locations squatter settlements are on very valuable land. Instead of forcing the squatters off the site, the owner agrees to share it with them. The squatters move on to a portion of the site (living at higher densities) and the remainder (usually that portion located on or near a major road) is developed for commercial use. The financial costs of the redevelopment are the subject of negotiation but it is frequently the case that the owner pays the costs for relocation, planning and redevelopment.

2.3.3.6. Response Options in Order to Address the Challenges of Urban Land Delivery.

Countries in transition can learn from the experiences of countries with long-established market economies, but with different approaches to public and private sector involvement. It recognizes that organizational structures differ widely from country to country and hence only issues of broad policy are considered. Transition countries looking for solutions to institutional problems should study, compare and analyses different approaches to land administration and identify the best elements that are relevant to their own unique circumstances (UN 1996).

In Hungary, Ministry of Agriculture and the Land Office network in order to promote the interests of the citizens in a manner that supports the current activities and protects the interests of future generations. It is becoming clearer that the Ministry needs to harmonize all aspects of its activities (internally and externally) and cooperate with other government sectors, both locally, and internationally in order to meet these objectives.

In Nigeria, participation of the public sector in land assembly and development is viewed as critical and inevitable in the bid to improve both the supply of land and access to it. There is a need to review the existing land use control procedures, processes, instruments and measures, to make them clearer and more appropriate within the context of the existing social, political, and economic situation in the urban area (Garba and Salisun.d). The procedures of urban land delivery system have to clear, accessible and manageable.

In Ethiopia concerning speculation, the lease policy allows individuals to own as much land as possible and transfers it whenever they want, with the only condition that they should at least

build the foundation of the project approved in the land use plan. According to Belachew (2010), there is articles on both regulation and the proclamation concerning exceptional circumstances allow regional governments to grant urban land freely or without public tendering for investors that the government wants to encourage private investors in Ethiopia. This will discourage speculation on undeveloped land, but people will speculate on developed land.

2.3.3.7 Land-Use Planning in Zhejiang Province

In Zhejiang Province vast areas of agricultural land on the fringes of cities are being converted to urban uses. In Hangzhou, for example, total residential floor space more than doubled between 1980 and 1986. The massive expansion of urban areas is the direct result of population increases triggered by migration, China's vigorous housing construction programs which have increased the amount of floor space in the province by 50 percent since 1980, and the development of new economic activities which require land for industrial estates (World Bank, 1987).

The rate and extent of land conversion in Zhejiang is largely conditioned by urban planning policies implemented by cities. Despite the fact that agricultural land is very scarce, urban planning standards call for a reduction in the density of development in Zheijiang urban areas to a very low 150 persons per hectare density. This outcome reflects the fact that planning is completely divorced from resource constraints or the discipline of market pressures.

If present land-use policies and norms continue, urbanized land in Zhejiang Province will increase by140 percent, from 21,600 hectares in 1985 to 51,800 hectares in the year 2000. On the other hand, if future urban development occurred at the typical higher densities found in other large cities (gross densities of 210 persons per hectare), the land requirements to meet future development would be slashed to 50 percent of the master plan amount – 36,700 hectares. The rigid application of current master plan policies results in a dramatic reduction in population density in the four principal cities of the province and considerably more conversion of rural land to urban uses (World Bank, 1987).

2.3.3.8 Challenges of Decentralized Urban Land Delivery System

Decentralization appears to have generated new sets of problems, sometimes opening new arenas of conflict between local public officials and private investors leading to corrupt practices and abuse of power. This adversely impacts the business climate and economic activities due to lengthy, cumbersome and increased cost of access to land for investment purpose.

Such a political corruption mainly concerns decentralized state land management and includes activities such as illegal sale and lease of state land by public officials, as well as transfer of state property to political elites. Hence, high cost and inefficiencies, prolonged procedures related to land delivery practices discourage local investors to invest in landed properties.

These challenges emanate from complex, inconsistent and obsolete policies and laws, fragmented institutional arrangements, incapacitated institutions and courts, weak participation from civil society and private investors and Lack of legitimacy of authorities.

In addition, such causes of failed decentralized land governance are hosted by inefficient land registration system. When the registration systems do not function adequately, investment in land is considered risky, and financial institutions are often reluctant to lend for the development and improvement of land.

2.3.3.9 Prospects of Decentralized Urban Delivery system

Decentralized well-functioning land administration system is an important pillar for a robust land market. Because, decentralized land governance system provide authority and autonomy to the local governments and administrations to promote conditions for investment and local economic development.

2.4. Research Gap

Different literature reviewed show that institutional capacity and complicated bureaucratic red-taps limit administrative allocation of urban land. But lack of appropriate organizational structure can also limit administration allocation of urban land for investment purposes. From a political perspective, town administration is accountable to Zone Administration and Zone Administration

is to Regional Government. For this reason, at Zone Investment Office the procedural steps of formal urban land delivery system for investment purpose is doing again the function already done at Town Investment office.

Hence, to ignore the irrelevant procedural steps and reduce the waiting time of urban land delivery system for Investment uses Town Investment Office should be accountable to Regional Investment Commission concerning on urban land delivery for investment purposes. There is no other literature on formal urban land delivery system for investment purposes in the town.

2.5. Conclusion

In this chapter various literatures are reviewed based on the issues of challenges and prospects of formal urban land delivery system for investment purposes in developed countries, developing countries and particularly in Ethiopia. The reviewed literature used to determine a theoretical and empirical base on the study. The existing literature on urban land administration and management were reviewed to find out the prospects of formal urban land delivery system for investment purposes and factors that had influenced the system.

So, in the literature review concept of land administration and management was conceptualized, while the theoretical and empirical review were examined land delivery procedures, actors involved in it and challenges hinder the delivery system from international and nation prospective. The review of literature part is the foundation of the study which strengths the ideas of the study. The literature sources are different international organization, books, internet and reports. Based on theoretical and empirical literatures reviewed lack of appropriate organizational structure can limit administration allocation of urban land delivery system for investment purposes was identified as research gap.

CHAPTER THREE

3.RESEARCH DESIGN

3.1 Introduction

This chapter describes the general overview of the approach in which conducting the research. Accordingly, the chapter includes the research design, research approach, sample design, data sources, methods of data collection and data analysis.

3.2. Operational Definition of Variables

The variables made operative and clearly described in this study are time consuming procedures of land delivery system, stakeholders involved in land delivery and challenges of formal urban land deliver system for investment purposes. For example, waiting time to get a plot of land indicated by months and years, the stakeholders involved in urban land delivery system are expressed by level of governmental (Investment Commission, Zone and Town Investment Offices) while, challenges that hinder the formal urban land delivery system are indicated by institutional weakness, centralization decision making power, poor infrastructural facilities and land speculation.

3.3. Research Approach

The quantitative and qualitative research approach has been used in this study to measure and describe the problems and challenges associated in the formal urban land delivery system for investment purposes. Quantitative consists of raw data including figures regarding the delivered land in hectares for different investment activities were required while to assess the institutional structure, procedural steps, stakeholders, rule and regulatory frameworks, challenges and gap in accordance with the different literatures qualitative data was examined.

3.4. Research Method

The appropriate methodology employed to conduct this study will be descriptive research method which enabled the researcher to collect various data depending on the decentralized challenges and prospects of urban land delivery system for investment purposes.
Kothari (2007) pointed out that research design provides the framework for the collection and analysis of data. The researcher used this method to describe the existing land delivery system and problems related to provision and procedures of service delivery. The reason for using descriptive method is it helps to profile and define estimate predictions and examination of situations in the study.

It also allows the researcher to use survey method of information gathering in primary data collection. The survey technique of data collection allows the researcher to gather information from the sample by using questionnaire and interview methods of data collections. It also provides quick, inexpensive, efficient and accurate means of assessing information about the causes and effects of the ineffective land registration from the representative sample during application survey. This method is helps the study to describe accurately qualitative and quantitative data about trends of the land registration under the study through collection of primary data and secondary data.

3.5. Sample Design

To conduct the study the population was concerned governmental officials and private investors who have been hand over plot of land and investing in different investment sectors in the town were observed. According to Investment Office of Sabeta town administration, the total private investors who registered and engaged in different investment activities in the town are about 596 while concerned governmental officials are 63 in number.

3.6. Sample Size

The sample size of this study was 234. These represent the total target population to get adequate information. To determine the sample size depends on the selected research design, confidence level and accuracy the study was use the social science formula sample size determination with confidence level of 95% for the total size sample and randomization techniques to distribute within population.

The sampling size is calculated by the formula of $n = \frac{z^2 pq}{d^2}$

z= standard normal variable at require level of confidence.

p= proportion in the target population estimated to have characteristics being measured.

q= 1-p and d= level of statistical significance set.

n= $\frac{(1.96)^2(0.5*0.5)}{(0.05)^2}$

$=384$

Sources: Kothari (1995)

Since the total population **(N** =596) is less than ten thousand, the following formula was employed in order to determine sample size.

If N< 10000, then $fn = \frac{n}{1+n/N}$ $fn = \frac{384}{1+384/596} = 234$

After the sample size was decided, the member of the sample unit was determined by simple random sampling. On the other hand, out of 63 (sixty three) administration officials in different governmental institutions 27 (twenty seven) of them have been selected through purposive sampling method in order to get the required information with respect to the objectives of the study because the researcher is judged to select sample purposively from different officials of stakeholder agents which has involved in formal urban land delivery system for investment purposes.

3.7. Sampling Technique

The sampling techniques used for this study were both probability and non-probability sampling. Furthermore the sampling techniques enabled the researcher to focus on the desired study goals for the support of the issue under discussion.

Table 3.1: Sampling size and techniques used in the study.

S/N	Sample Elements	Total Population	Sampling Method	Sample Population
1	Private Investors in the town	596	Simple random sampling	234
2	Oromia Investment Commission Commissioner, Process Owners, and Higher Experts	23	Purposive	8
3	Zone Investment Higher Official	2	Purposive	1
4	Sabeta Town Investment Committee Members	6	Purposive	6
5	Sabeta Town Investment Office Process Owner and Experts	3	Purposive	2
6	Sabeta Town Municipal Officials	22	Purposive	6
7	Sabeta Town Land and Environmental Protection Process Owners and Experts	7	Purposive	4
	Total	**659**		**261**

Source: Compiled by the Researcher, 2013

3.8. Data Collection Processes

The study was used data from both primary and secondary sources. To complement the study both sources of data are important. Primary data was gathered through questionnaires, interview and observation form different investors and officials.

3.8.1. Questionnaires

To gather primary data during the study the structured questionnaire were prepared in English language and for the local people who did not understand the language translated in to Amharic language. It was prepared and distributed to selected respondents who would be expected to read, write and respond to both types of close-ended and open-ended questions.

3.8.2. Interviews

The supplementary data was collected using structural questionnaires. The interviews were designed and interviewed to concerned groups. The respondents were selected with regard to their close link to the formal urban land delivery for investment purposes. The interview guides was prepared in two separated forms (to town administration officials and to zone and region investment officials). The schedules were designed structurally and semi-structurally and the selected officials had been interviewed after translating into Amharic language. The flexible oral discussion was undertaken face to face with different officials.

3.8.3. Observations

Site observation also made to gain detail insights particularly on development processes, infrastructural conditions, speculated land and ways of investors get plot of land were enable the researcher look and support data with photograph. It was employed to gather additional data from the field through non participant observation using behavioral observation scale on development of land by different investors and the related process in the study area so as to capture a great variety of speculated land photograph was taken using digital camera.

3.9. Data Analysis and Interpretation

Data that had been collected from both primary and secondary sources was tallied, tabulated, and organized by using qualitative and quantitative techniques. A qualitative technique was used to analyze information in the form of text while the quantitative techniques used to analyze numerical data through using statistics such as average and percentage. Data was that analyzed and edited is presented in form of table, charts, figures, photo, and text.

3.10. Conclusion

The research method employed for this study was descriptive which enabled to collect various data relied on challenges and prospects of formal urban land delivery system for investment purposes that exist currently at the study area. Qualitative research approaches was used to generate data relevant to challenges and prospects of formal urban land delivery system for investment uses. The sampling frame of the study was list of private investors in Sabeta town and concerned governmental office officials.

The total sample size of the study is 596 (234) sample size selected from private investors through simple sampling techniques while 27 sample size selected from governmental officials through purposive sampling techniques). The data collection method employed for this specific investigation is survey method. Both primary and secondary data were collected and used for this study and analyzed using in average and percentage. Charts, tables and narrations used to facilitate the findings and discussions.

CHAPTER FOUR

4. FINDINGS AND INTERPERTATION

4.1. Introduction

This chapter presents findings of the study and interpretation that are based on objectives of the study such as procedures of urban land delivery system, stakeholders involved, challenges that hinder urban land delivery system for investment purposes and suggested response options in order to address the challenges. Data interpretation starts from the presentation of characteristics of respondents that were relevant to the study.

4.2. Response Rate

To conduct the study properly about 234questionnaires were distributed to different private investors who are investing in different investment sectors in the town and 27 interview schedules were filled through face to face interview. Thus the response rate of each concerned group is presented in the Table 4.1.below, 91.6% of the response is returned back for interpretation.

Table4.1: Response Rate

S/N	Respondents	Sample Size	Data gathering techniques (Questionnaires and Interview)	Response Rate (%)	
				Distributed	Returned
1	Private Investors in the town	234	234	98	93
2	Oromia Investment Commission Commissioner, Process Owners, and Higher Experts	8	8	5	62.5
3	Zone Investment Higher Official	1	1	1	100
4	Town Investment Committee Members	6	6	5	83
5	Town Investment Office Process Owner and Experts	2	2	2	100
6	Town Municipal Officials	6	6	6	100
7	Town Land and Environmental Protection Process Owners and Experts	4		4	100
	Total	**261**	**261**	**121**	**91.6**

Source: Filed Survey 2013

4.3. Demographic Data of Respondents

Demographic characteristics such as educational level and gender are the background information of private investors. The demographic profile of sample respondents' responses presented in the following subsections below.

4.3.1. Educational status of government officials

Different level of government officials were indicated their general information through interview schedules as discussed below in the table 4.2.

Table 4.2: Educational status of respondents of government officials

S/N	Respondents	Educational Status			Total
		Diploma (%)	1st Degree (%)	2nd Degree and above (%)	
1	Oromia Investment Commission Commissioner, Process Owners, and Higher Experts	-	80	20	100
2	Zone Investment Higher Official		100		100
3	Town Investment Committee Members	20	20	60	100
4	Town Investment Office Process Owner and Experts	-	100	-	100
5	Town Municipal Officials	16.7	33.3	50	100
6	Town Land and Environmental Protection Process Owners and Experts	50	50	-	100
	Total Frequency	**14.4**	**63.9**	**21.7**	**100**

Sources: Filed Survey 2013

Table 4.2 shows that 14.4% of the respondents of government officials are qualified with diploma, 63.9% of them are qualified with first degree, while 21.7% of them are qualified with second degree and above. This shows that educational qualification of responsible governmental

agents officials have significant contribution for efficient land delivery for investment purposes according to provided procedures.

4.3.2. Educational status and sex of private investors.

Private investors are sampled respondents that provided questionnaire in order to get their general information as discussed below in the Table 4.3.

Table 4.3: Educational status and sex of private investors

No.	Educational Status (%)	Sex (%)		Total (%)
		Male	Female	
1	Grade 12	30	10	40
2	Certificate	5.6	2.2	7.8
3	Diploma	17.8	8.9	26.7
4	1st Degree and above	22.2	3.3	25.5
	Total	**75.6**	**24.4**	**100**

Sources: Filed Survey 2013

In the above Table 4.3 the general background (educational qualification and sex) of respondent private investors in this field of work are presented. In this case the amounts of male private investors investing in the town are 75.6% whereas; the female private investors are 24.4%. This indicates that there are more male private investors than female private investors acquired a plot of land for investment purposes in the town.

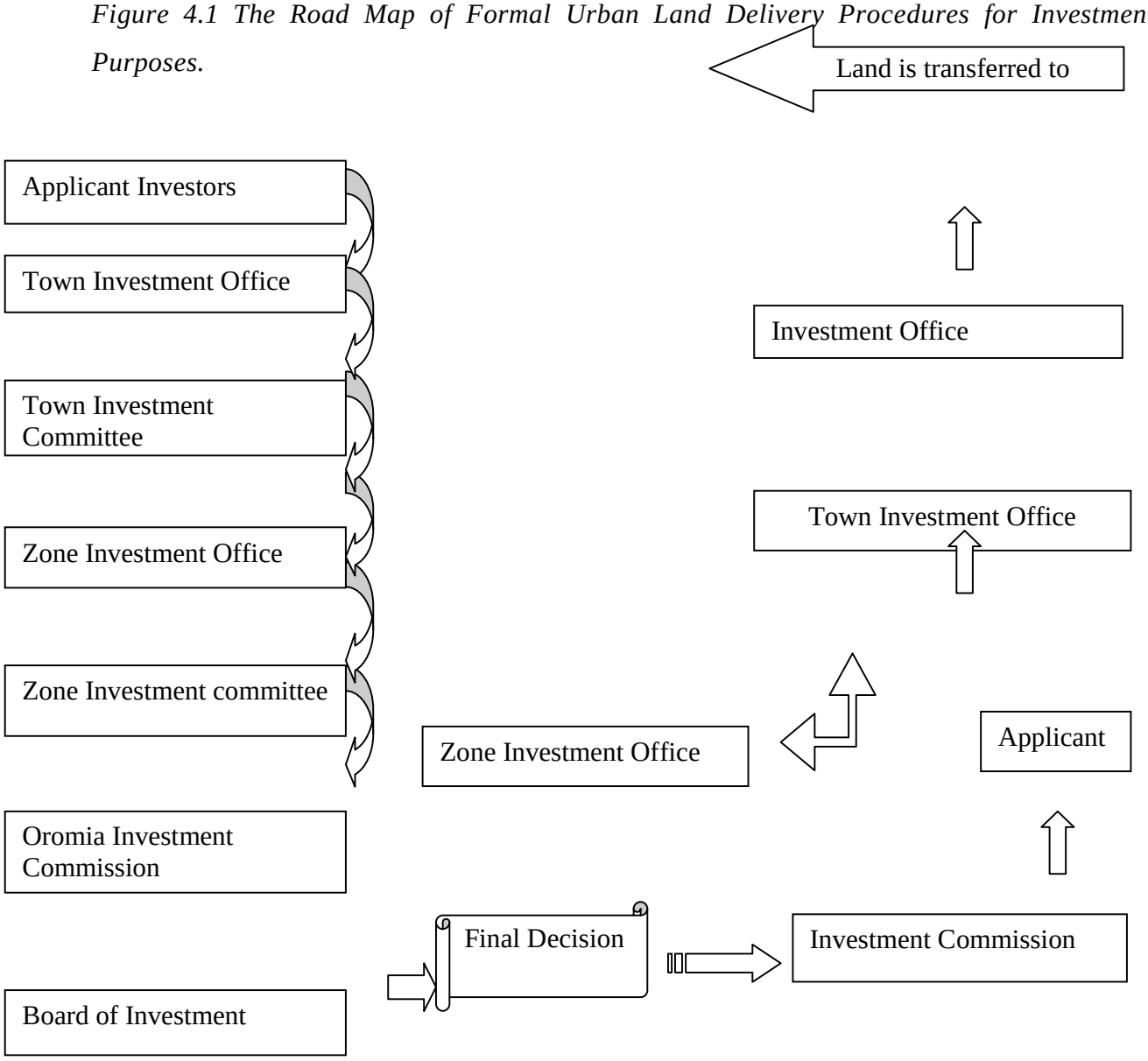
4.4. Findings of the Study

This section presents the formal urban land delivery system for investment purposes in light of the procedures of delivery system, stakeholders involved in the delivery processes, and challenges that hinder the system of urban land delivery for private investors.

4.4.1. Formal urban land delivery procedures for investment purposes

According to Sabeta Town Investment Officials, the land delivery system for investment follows series of steps. The final decision is provided by the Regional Board of Investment. Figure 4.1 below shows the road map of formal urban land delivery procedures for investment purposes.

Figure 4.1 The Road Map of Formal Urban Land Delivery Procedures for Investment Purposes.

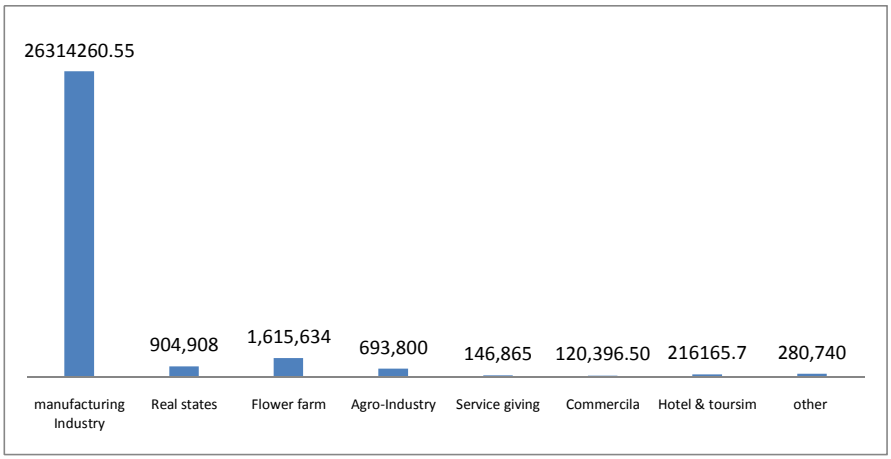


Source: Sabeta Town Investment Office 2013

4.4.2 Distribution of Delivered Land in Hectares.

The share of distributed land for different investment sectors are presented in hectares below in the table 4.2.

Table 4.2: Share of Delivered Land for Investment Sector in Hectares



Source: Sabeta Town Investment Office 2013.

Amount of delivered land for each investment sector within last Five years in Sabeta town has been presented in the above Table 4.2. From the figure it can be understood that 1,615,634 hectares of delivered land for investment purposes have been occupied by Flower industries, 693,800 hectares of delivered land are occupied by Agro industries, hectares of supplied land for investment purposes are occupied by 26,314,260.55 Manufacturing sectors, 146,864.8 hectares of land for investment purposes are allowed to Social Services, 216,165.7 hectares of transferred land are permitted to Hotel and Tourism, while the remaining of 280,740 hectares are given to other investment activities. This shows that through different procedural system 302, 92,770 hectares of land were delivered for different investment purposes.

4.4.3. Tenure system of delivered land for different investment sectors.

Land was delivered for different investment purposes within different period of time in the town. Conceptually land tenure refers to the nature and range of rights that individuals have to land, water and other natural resources in relation to rights exercised by other individuals, social groups and the state.

With regard to rangeland management, tenure policy bears on four objectives; viz. resource conservation, economic efficiency, stability and equity. The issue of resource conservation is directly related to grazing of communal pastures, which in turn is related to the carrying capacity of the land, and the number of livestock a given land can sustain, while maintaining biologically optimum levels of forage production. This delivered land was holding through both permit and lease holding system as identified in the Table 4.4 below.

Table 4.4:Tenure system of delivered land

S/N	Investment sectors	Tenure system %	Permit Lease%	Total%
1	Flower industries	-	100	100
2	Agro-industries	34.5	65.5	100
3	Manufacturing	22.2	77.8	100
4	Hotel and Tourism	63.3	36.8	100
5	Social Services	63.6	36.4	100
6	Others	15.8	84.2	100
	Total Frequency	**33.2**	**66.8**	**100**

Sources: Filed Survey 2013

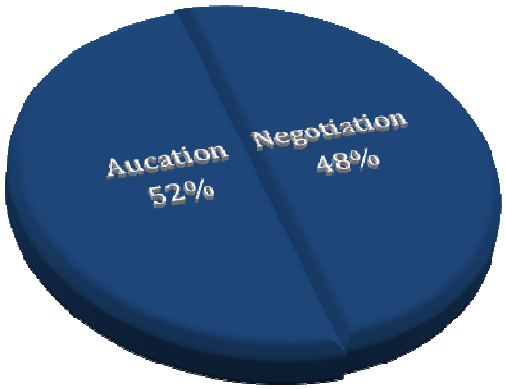
As identified in the above Tables 4.4 from this delivered land for investment uses are occupied through permit and lease holding system. The summary of the Table shows 33.2% of investment land is occupied by permit system while 66.8% of land for investment purposes is transferred

through lease holding system. This indicated that different procedures of urban land delivery systems were applied when land was transferred to private investors in the town. From these holding systems lease is the most transferring system of land for investors.

4.4.4. Lease holding system of delivered land.

As identified on the above tables 4.4 delivered land for investment purposes were owned through both permit and lease holding systems. From the fact that land owned through lease holding system was transferred to developers through both negotiation and auction system as shown in the Figure 4.3 below.

Figure4.3. Share of lease holding system



Sources: Filed Survey 2013

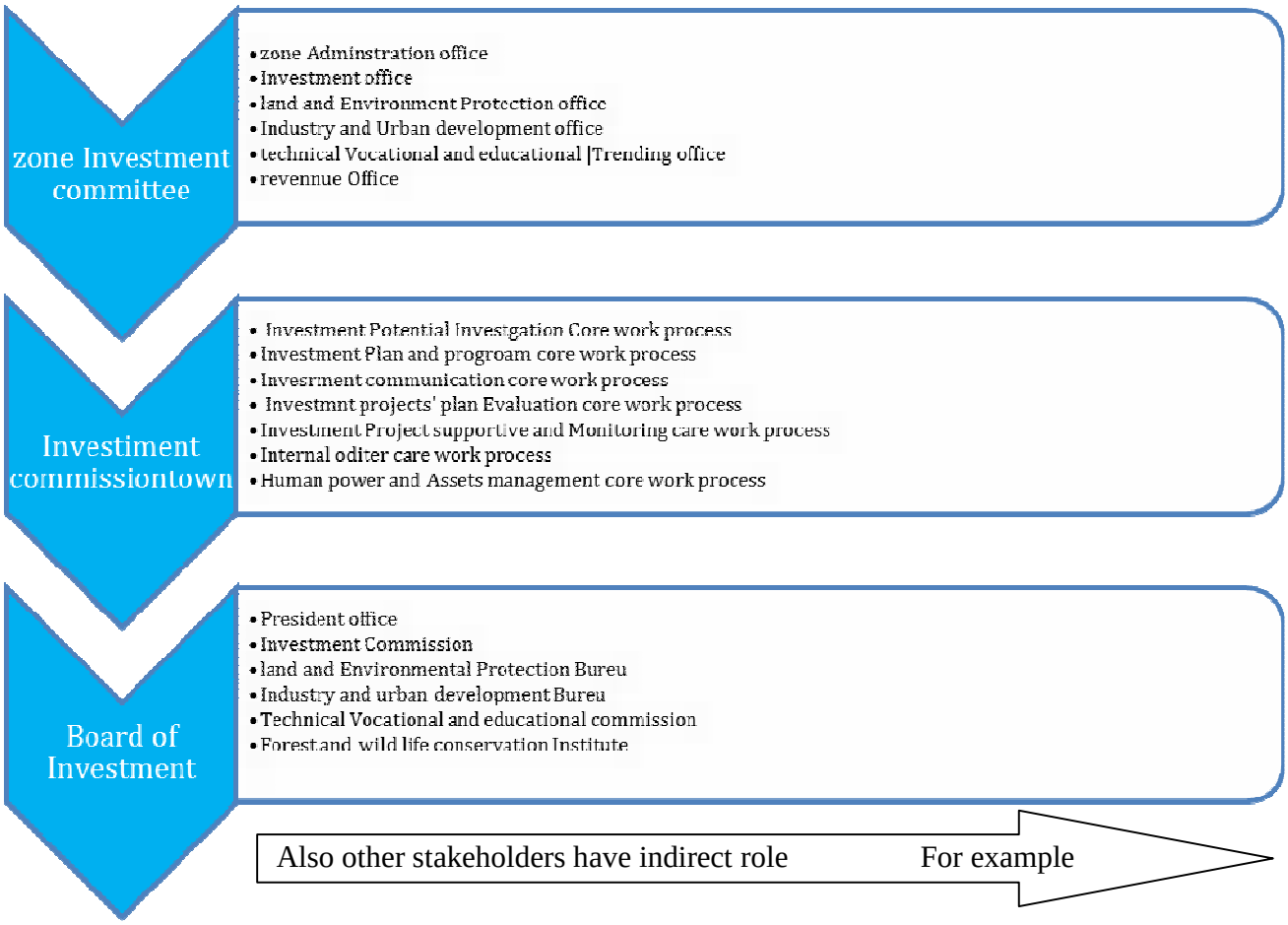
As illustrated in the above Figure 4.3 the land occupied through lease system was transferred to private investors through negotiation and auction system. The figure indicated that from the land holding through lease holding system, 48% of delivered land are transferred through negotiation made with different tiers of administration, while 52% of delivered land for investment purposes are transferred through auction system. This shows that the procedures of delivered land for

investment purposes through lease holding system are employed both negotiation and auction transferring system in the town.

4.4.5. Stakeholders involved in urban land delivery system for investment purpose

Different actors have been involved in formal urban land delivery system for investment purposes in Oromia regional state. In this study governmental agents that have direct role in formal urban land delivery for investment purposes are identified. These stakeholders are involving from different tier of administration bodies and each administration tier has its own responsibility concerning land delivery for investment purposes.

The following figure4.4 shows the stakeholders involved in urban land delivery system for investment purpose. Figure4.4. Stakeholders involved in urban land delivery system for investors.



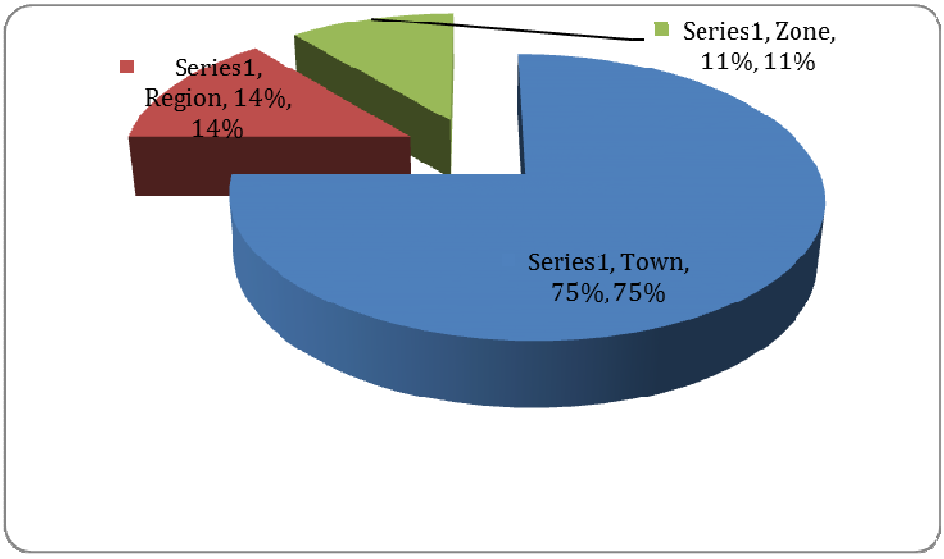
- Telecommunication
- EEPC
- Water supply authority

Source: SabetaTown Investment Office 2013.

4.4.6. Channels of Urban Land Delivery System for Investment Purposes

Urban land was delivered for investment purposes by different governmental agents within different period of time in Sabeta town. The share of transferred land to private investors by different administration tiers presented below on the figure 4.5.

Figure 4.5.Shows the share of administration agents transferred land to private investors.



Source: Field survey 2013.

Delivered land by different governmental agents for various investment sectors within last ten years is presented in the above figure. From the figure it can be understood that 75% of private investors acquired land for investment purposes from town administration, 11% of developers obtained land for investment purposes from zone administration; while, the remaining of 14% of private investors occupied land for investment purposes through the permit of regional government. This indicated that majority of delivered land for investment purposes were transferred to private investors through town administration.

4.4.7. Challenges of Formal Urban Land Delivery System for Investment Purposes

There are different obstacles that hinder formal urban land delivery system for investment purposes. Selected private investors respondents forwarded their opinion on the barriers that hinder the system as summarized in the following table 4.5 below.

Table 4.5: Shows Challenges Faced Private Investors.

Challenges faced private investors	Respondents of different investment sectors						
	Flower Industries (%)	Agro industries (%)	Manufacturing (%)	Social Services (%)	Hotel& Tourism (%)	Others (%)	Challenges Total Frequency (%)
Centralized Responsibility (%)	-	23.3	11.1	5.3	9		14.4
High Lease Price (%)	10	20	22.2	21	27.2		23.4
Poor Infrastructural Condition	70	30	33.4	31.6	36.6		33.6
Bureaucratic Complexities	10	16.7	11.1	26.3	18.2		13.7
Long Waiting Time	10	10	22.2	15.8	9		14.5
Total	**100**	**100**	**100**	**100**			**100**

Source: Field Survey, 2013

The above Table shows the summary of private investors' opinions regarding the barriers of formal urban land delivery system for investment purposes. From the total respondents, 14.8% are pointed out that centralized responsibility, 23.4% are mentioned that high lease price, 33.6% are sighted on poor infrastructure, 13.7% are identified that bureaucratic complexities, while the remaining of 14.5% are picked out long waiting time to get a plot of land are the major obstacles that hinders the system of formal urban land delivery for investment purposes in the town. This indicates that different challenges faced private investors according to their nature of investment activities.

4.4.8. Challenges Faced Governmental Agents on Land Delivery System for Investors

Administration challenges that faced governmental agents on the urban land delivery system for investment purposes are summarized in the following Table 4.6 below.

Table 4.6: Administration Challenges of Urban Land Delivery System for Investment Uses.

Challenges	Respondents			**Total Frequency (%)**
	Investment Commission (%)	Zone Investment Officials (%)	Town Investment Office (%)	
Unclear Responsibility	-	-	34.4	**11.4**
Institutional Weakness	70	100	-	**56.6**
High Lease Cost	-	-	27.4	**9**
Land Speculation		30	39.2	**23**
Total	**100**	**100**	**100**	**100**

Source: Field Survey, 2013

The above Table shows the summary of government officials pointed out on the barriers of formal urban land delivery system for investment purposes. According to the responses, the administrative obstacles that hinder the formal urban land delivery system for investment purposes are; unclear organizational responsibility, institutional weakness, and high lease price and land speculations. The data shows 11.4% are recognized that unclear organization responsibility, 56.6% are mentioned that weak institutional capacity, 9% are indicated high lease price; while 23% are highlighted land speculations are the major obstacles that hinder the system of formal urban land delivery for investment purposes in the town. This indicates that different

responsible administrative organs are faced with different challenges according to delegated responsibility and their institutional capacity.

4.4.9. Centralized Decision Making Power of Land Delivery for Investment Purposes

Out of 18 selected administration officials 17 respondents asked whether or not the responsibilities of decision making power of urban land delivery system for investment purpose are centralized at regional level as presents below in Table 4.7.

Table 4.7:Decision Making Power of Land Delivery System for Investment Purposes.

Respondents response	Centralized decision making power of urban land delivery system at regional level.
Agreed	69.5 %
Not Agreed	26.1 %
No Response	4.4%
Total	**100%**

Source: Filed Survey 2013

The above Table presented that 69.5% of the respondents agreed that the power of formal urban land delivery system for investment purpose has been centralized at regional level, while 26.1% of the respondents are not agreed, and the remaining of 4.4% are sighted as no response whether or not the power is centralized at regional level. The respondents also recognized whether or not clearly written identified responsibility between organizational agents. This shows that there is a challenge of centralized decision making power of urban land delivery system for investment purposes and it is the cause of inefficient land delivery systems.

4.4.10. Suggested Options to Address Challenges of Land Delivery System to Investors

According to results of opinion, town administration has to implement a comprehensive institutional capacity program focusing on urban land delivery for investment purposes in order to decisive solution to problems of procedural cumbersome. Investment office of the town has to enhance the linkage between different stakeholders institutional arrangement. Regional Government has to delegates the decision making power of urban land delivery system for investment purposes to town administration. In addition it may give appropriate levels of support to the local agents. Town administration ensures participation of private investors in provisions of basic infrastructural facilities in the town. Discouraging speculation through taking appropriate administrative measurement on who sell undeveloped land and ready to sell and encourage those who developed land.

4.5. Interpretation and Discussion

In this chapter interpretations and discussions part illustrates the result of the study based on formal urban land delivery procedures, the stakeholders involved, challenges that hinder the formal urban land delivery system and the way to improve prospect and address the challenges are discussed.

4.5.1. Formal Urban Land Delivery Procedures for Investment Purposes

According to Sabeta Town Investment Officials sighted the land delivery system for investment purposes is follows the series of steps.

Step 1: Identification of an Area for Investment Purpose

Here the core process of Surveys and Urban Planning from town Land and Environmental Protection Office coordination with town Investment Office identifies a suitable area for the intended investment use. This identification process is done with the guidance of master plans or development plans of the area concerned and also involves the participation of ‘Kebele’

leadership after negotiations with land occupiers/owners. The negotiations include settling on a mode of paying compensation. The compensation process has been done by a team which is assigned from concerned offices. The team reviews each property, notes the value and lists the owners. Then, the team prepares a compensation schedule for the property of each occupier/user and transfer to Finance and Economic Development Office of the town in order to pay the compensation to the owners after the approval of land and environmental protection office head.

Step 2: Applicant Investors

The applicant who wants to invest in the town discuss with head of town investment office whether or not intended investment land is ready and the procedures follow up in order to get plot of land for investment purpose. The officer briefs he/she about the next steps, and gives his /her some directions to be follows as presented next. The applicant has to buy the application form from information desk by 500EB and fills in personal information about the project wants to develop. The forms are filled out accurately according to the nature of the project. He/she must mention the source of the capital, employment opportunity, location, size and the actual or estimated value. The applicant is made the following criteria such as submitting bank statement to ensure capacity to develop and project proposal. Then, applicants submit the justified application forms to the investment office of the town and waiting for town investment committee's decision.

Step 3: Town Investment Office and Investment Committee Decision

A Town investment official has to be examining all the applicant documents in order to submit to town investment committee within one week if it is acceptable. The committee meets and comment by writing "I don't have objection," or, "I object," and include the reasons for the decision in order to transfer the document to zone investment office then send them back to the town investment office to send the profile within 5 (five) days if acceptable.

Step 4: Zone Investment Office and Investment Committee Decision

Zone Investment Official will examine the documents and, if they are acceptable, will approve them by putting a seal and signature there on and then submit them to the Zone Investment Committee within 20 (twenty days). The committee meets twice a month and comment on submitted project profiles include the reasons for the decision in order to transfer the document to Regional Investment Commission through Zone Investment Office within 10 (ten) days if the project is acceptable. This shows that Zone Investment Office and Zone Investment Committee are do again what Town Investment Office and Committee were done.

Step 5: Investment Commission and Board of Investment Decision

The Region Investment Commission will investigate the documents transferred from Zone Investment Office and if it is acceptable approve by putting a seal and signature there on and then submit to ‘‘Board of Investment” in order to get the final decision within one month. The board meets ones a month in order to making a final decision on submitted investors’ document include the reason for the final decision in order to permit/reject the land for investment purposes.

Step 6: Announcement of the Decision Made

The final decisions of the board send back to investment commission from the board. Regional Investment Commission Commissioner sends back the final decision of the board to zone investment office through the carrier of applicant investors or commissioner’s worker. Then, Zone Investment Office Head send back the final decision of the board transferred from investment commission to town investment office through applicant or through worker of the office in order to transfer the request land for investment purposes to the applicant investors.

Step 7: Payment of Lease Cost

The Town Investment Office Head call for applicant for lease payment. The applicant pay (10%) percent of the total lease cost plus first year lease cost to the cashier at the account section of the Revenue Office and the town collects the fee accordingly:

A x I x P = T

T x 10%=B (The first advance payment form the total cost)

T – B = C (The remain cost which will be paid within the coming 40 years)

C÷40 =D (The division of the remain cost by 40 years which will paying yearly)

B+ D= E (10% of the total lease cost plus first year lease cost = the first total payment)

i.e.

A= Total area of the land permitted to invest by applicant

I= Initial price of land lease according to uses of land and plot grade

P= Lease period, and

T= Total cost within the given period.

The cashier at the Town Revenue Office collects the money and gives the voucher papers to the applicant. Then, the applicant has to go to the investment office to registrar and sign the agreement with the head of the office. The officer will retain a copy for office records and deliver the other copy to the applicant for his/her records. Investment officer with Core Process of Survey and Urban Planning shows and transfer the specific piece of land to the applicant. The Head of Town Land and Environmental Protection Office orders the Land Surveyors to prepare a site plan for the plot. The surveyors have to give the site plans to the head in order to approval and signature. After approval, the head of the office who is also the committee members of town investment gives the site plans to the head of investment office in order to provides to applicant investors.

Step 8: Building Permit

The applicant submits the application to the Core Process of Building Permit and Control at the Land and Environmental Protection Office in the town. The office has to order the applicant to bring architectural design of his/her project. Then, the applicant contacts an architect and the architect prepares the drawings according to the type of investment and the area concerned. Once the architect finishes the drawings, he returns them to the applicant. The applicant receives the prepared design to the structural engineer at Land and Environmental Protection Office in the town for final approval. After the approval, the applicant takes the building permit from the Core Process of Building Permit and Controlling in order to start construction phase.

This indicated as sited in UN-HABITAT (2010), in most developing countries land application and allocation procedures for urban land area often protracted and time consuming.

4.5.2. Stakeholders Involved in Urban Land Delivery System for Investment Purposes

According to Oromia Investment Commission Officials, 'Board of Investment' in the region is the collection of different concerned bureaus, commissions and institutes head. Board of investment has eight members in it. President of the Region is Chairman of the Board, while Commissioner of Investment Commission is Secretary General of the Board. The other members of the board are Head of Land and Environmental Protection Bureau, Head of Industry and Urban Development Bureau, Head of Forest and Wild Life Conservation Institute, Commissioner of Technical Vocational and Educational Training (TVET) Commission, and two other members are assigned by President of the Region. The board gives final decision of land delivery system for investment purposes.

Oromia Investment Commission (OIC) is the government organ responsible for promoting, coordinating and facilitating investment in the region. The commission delivered land already in its boundary that is identified and transferred applicant investors profile from zones, town and from applicant itself by submitting applicants document to the board of investment. The commission has 7 Core Work Processes in order to carry out the responsibility of the commission. The commission evaluating the project profile which is transferred from lower

agents in order to submit to investment board for final decision. The other mandate of commission is controlling, evaluating and supporting the ongoing investors investment projects and interrupt the agreement by submitting to the board if the land is speculated or ideal for long time.

According to Zone Investment Officer, Zone Investment Committee is the collection of different concerned offices head. Zone investment committee has six members in it. Zone Administrator is the Chairman of the Committee while Head of Investment Office is Secretary General of the Committee.

The other members of committee are Head of Land and Environmental Protection office, Head of Industry and Urban Development Office, Head of Technical Vocational and Educational Office, and one other member is assigned by zone administrator. Committee gives decision on the applicant project profile documents submitted by investment office which is transferred from town investment offices.

Zone Investment Office is the government organ responsible for promoting, coordinating and facilitating investment in the zone. The office delivered land already in its boundary that is identified by Town Investment office and Town Land and Environmental Protection office.

The Zone Investment office has two Core Work Processes in order to carry out the responsibility of the office. The office evaluating the project profile which is transferred from Town Investment offices in order to submit to Zone Investment Committee for decision making whether or not the application is transferred to Region Investment Commission. The other mandate of office is controlling, evaluating and supporting the ongoing investors investment projects and interrupt the agreement by submitting to investment commission through investment committee if the land is speculated or ideal for long time.

According to Town Investment Officers, Town Investment Committee is the group of different concerned offices head. Town investment committee has six members in it. Mayor of the Town is Chairman of the Committee, while Head of Investment Office is Secretary General of the

Committee. The other members of committee are Head of Land and Environmental Protection Office, Municipal Manager, Head of Technical Vocational and Educational Training (TVET) Office, and one other member is assigned by Mayor of the town. The committee gives decision on the applicant project profile documents submitted by town investment office which is applied by investors.

Town investment committee has six members in it. Mayor of the Town is Chairman of the Committee, while Head of Investment Office is Secretary General of the Committee. The other members of committee are Head of Land and Environmental Protection office, Municipal Manager, Head of Technical Vocational and Educational Training (TVET) office, and one other member is assigned by Mayor of the town. The committee gives decision on the applicant project profile documents submitted by town investment office which is applied by investors.

Town Investment Office is the government organ responsible for promoting, coordinating and facilitating investment in the town. The office delivered land already in its boundary that is identified by town surveyors and asked by applicant investors by submitting applicants' document to the investment committee. The office has one core work process in order to carry out the responsibility of the office. The office evaluating the project profile which is submitted by applicants in order to submit to town investment committee for decision making whether or not the application is transferred to zone investment office.

In Ethiopia, the authority to supply and sell urban land is rests with the regional and local governments in order to create incentives and opportunities for them to attract investment capital and promote developments in their jurisdictions (Alebel and Genenew 2007). The other mandate of town administration is controlling, evaluating and supporting the ongoing investors investment projects and interrupt the agreement by submitting to zone investment office through town investment committee decision if the land is speculated or ideal for long time.

4.5.3. Challenges that Hinder Formal Land Delivery System for Investment Purposes

According to the data presented in the finding part of the study, challenges that face private investors are quite different from challenges that faced the responsible governmental agents of

urban land delivery system for investment purposes. Challenges that faced private investors are also identified according to their investment activities; such as centralized decision making power at regional level, high lease price, poor infrastructural facilities, bureaucratic complexities, and long waiting time to get a plot of land are the main obstacles that hinders private investors from investing in the town.

The challenges that hinder responsible governmental agents are also recognized according to level of administration such as doubtful organizational responsibility, institutional weakness, and land speculations are administrative challenges that face the respondent officials. However, the major challenges of urban land delivery system for investment purposes are identified according to the response rate of each challenges presented in the finding part of the study. The most recognized challenges are institutional weakness; centralized decision making power, poor infrastructural facilities, and land speculation are the major barriers of urban land delivery system for investment purpose.

4.5.3.1. Institutional Challenges

Sabeta Town Investment Office is accountable to the Mayor of the town, Special Zone Surrounding 'Finfine' Investment Office and Regional Investment Commission for technical and administrative responsibilities. Opinion from the officials show that town investment office do not have open power in order to give the final decision of urban land delivery for investment purposes. The challenge of institutional capacity is also characterized by finance to provide serviced land and infrastructural provision.

According to the responses identified in the above finding part table 4.6 one of the major administrative obstacles that hinder the formal urban land delivery system for investment purposes is institutional weakness. From the total frequent of respondents 53.3% are recognized that weak institutional capacity as the main challenges hinders urban land deliver system for investment purposes. This indicates that lack of appropriate organization set up for land management and development system and absence of capacity building in relation to land development supply system are forefront problems (Teshale 2010).

4.5.3.2. Centralized Decision Making Power

According to Sabeta town administration view the decision making power of urban land delivery for investment purpose is centralized at regional level. As the data presented in table 4.7 above in the finding part of the study 69.5% of the respondents agreed that the power of formal urban land delivery system for investment purpose has been centralized at regional level, 26.1% of the respondents are not agreed, and the remaining of 4.4% are identified as no response whether or not the power is centralized at regional level.

4.5.3.2.1. Effects of Centralized Decision Making Power of Land Delivery for Investors

As identified in the above table 4.7 decision making power of urban land delivery system for investment purposes are centralized at regional level. This centralized decision making power of formal urban land delivery system has their own effects. Governmental officials are recognized the effects of centralized decision making power of land delivery system for private investors, according to their position in the office as presented in the table 4.8 below.

Table 4.8: Effects of centralized Power of Land Delivery System for Investment Purpose.

Effects	Respondents Position			Total Frequency (%)
	Head of the Office (%)	Process Owners (%)	Experts (%)	
Long waiting time	100	75	75	83.3
Bureaucratic Complexities	-	12.5	-	4.2
Corruption	-	-	-	-
Informal cost	-	12.5	25	12.5
Total Frequency	**100**	**100**	**100**	**100**

Source: Field Survey, 2013

The above Table summarized the effects of centralized decision making power of formal land delivery system for investment purposes. The total frequency of respondents of different positions shows that 83.3% are identified long waiting time, 4.2% are identified bureaucratic complexities, while the remaining 12.5% are recognized informal costs are the major effects of centralized decision making power of land deliver system for investment purposes. This indicates that different respondent officials are identified effects of centralized decision making power of urban land delivery for investment purposes according to their position in the offices. Majority of the officials from different position recognized long waiting time is the most effects land delivery system for investment purposes in the town. This effect is cause for inefficient land delivery system for investment purposes in the town.

4.5.3.2.2. Effects of Inefficient Urban Land Delivery System for Investment Purposes.

Different effects of inefficient land delivery system for investment purposes have been discouraging private investors from investing their capital in the town. Selected respondents of governmental officials are recognized the effects of inefficient land delivery system due to identified effects in above Table 4.8.

Table 4.9: Effects of Inefficient Land delivery System for Investment Purpose.

Responses	Respondents of governmental agents			Total Frequency (%)
	Investment commission (%)	Zone investment (%)	Town administration (%)	
Low investment attraction	40	-	35.3	25.1
Losing of investors trust	20	-	5.9	8.6
Discouraging investors	20	100	41.2	53.7
Distortion of land use	-	-	5.9	2
Emergency of illegal land market	20	-	11.7	10.6
Total	**100**	**100**	**100**	**100**

Source: Filed Survey, 2013

The above Table summarized the effects of inefficient urban land delivery system for investment purposes. The Table shows that 25.1% are identified low investment attraction, 8.6% are identified losing of investors trust, 53.7% are sighted to be discouraging private investors, 2% are identified distortion of land use, while the remaining 10.6% are recognized emergency of illegal land markets are the main effects of inefficient land delivery system for private investors. This shows that the major effect of inefficient land delivery system for investment purposes discouraging of private investors due to various barriers hinder the delivery system in the town. The effect of discouragement of private investors from investing their capitals and skills in the town is cause for socio economic distortion in the town.

4.5.3.2.3. Effects of Discouraging Private Investors

Effects of discouraging private investors due to inefficient urban land delivery system for investment purposes are presented below in the Table 4.10.

Table4.10: Effects of Discouraging Private Investors.

Responses	Respondents of governmental agents			Total Frequency (%)
	Investment commission officials (%)	Zone investment officials (%)	Town administration office (%)	
Low Revenue base	-	-	35.4	11.1
Unemployment	40	100	23.5	54.5
Economic Distortion	40	-	23.5	21.2
Low technology transfer	20	-	17.6	12.5
Total	**100**	**100**	**100**	**100**

Source: Field Survey, 2013

The above Table summarized the effects of discouraging private investors from investing their capital and skills in the town. The summary of the table shows 11.1% of the respondents are identified low revenue generation base, 54.5% are recognized losing of employment opportunities, 21.2% are sighted to be the whole economic distortion, while the rest of 12.5% are highlighted low transferring of technologies are the major effects of discouraging private investors. This indicates that inefficient land delivery system is the cause of discouragement of private investors and the effects of this discouragement is leads to unemployment and financial constraint. It is strongly advice the responsibility for service provision should be allocated on the basis of the principle of subsidiary, that is, at the closest appropriate level consistent with efficient and cost-effective delivery of services (UNCHS 2000).

4.5.3.3. Poor Infrastructural Facilities

According to result of opinion shows that private investors acknowledged lack of infrastructural (road and electric power) are the main challenges faced investors during their investment activities. As the above table 4.5 presented most of private investors recognized poor infrastructural facilities are the major obstacle that hinders the system of formal urban land delivery for investment purposes in the town. This indicates that land for investment purposes are delivered without provision of basic infrastructures (i.e. road, electric power and water supply) in the town.

Infrastructure services are a major factor for accelerant socio-economic development in general. The availability of socio-economic infrastructure such as road, power and water supply are the pre-conditions for attracting private investment. World Bank (2005b), point out that infrastructure is a pre-condition for attracting private sector investment. One of the factors contributing to low growth rates in developing countries, is insufficient, inappropriate and poorly maintained infrastructure. The availability of relevant infrastructure, therefore, has a major impact on enabling environment for socio-economic sector activities.

4.5.3.4. Land Speculations

According to the town investment officials sighted, land speculation is occupying plot of land and keeping it for a long period of time without any development on it to get much profit by selling the vacant land to other investor. As summarized in the above Table 4.6 one of the barrier of formal urban land delivery system for investment purposes is land speculation. According to the data analyzed, land speculation hinders the formal urban land delivery system for investments, because land kept ideal for long time simply by bounded land by scattered wooden fence only to identify the boundaries.

This indicates that the area is not developed and difficult to deliver land for investment purposes from the area and even the situation can discourage new applicant from investing around speculated land. The best way of discouraging speculation is not only to tax more those who sell undeveloped land but also encourage those who developed land as has been proposed by the policy makers (UN 1996).

4.5.4. Suggested Options to Address Challenges of Land Delivery System for Investors.

Most of the respondents mentioned a comprehensive institutional capacity program focusing on urban land delivery for investment purposes has to support by establishing relevant institutions and systems is the most decisive solution to problems of urban land delivery procedure for developer investors. Investment office of the town has to enhance the linkage between different stakeholders institutional arrangement. Regional Government has to delegates the decision making power of urban land delivery system for investment purposes to the town administration. In addition it may give appropriate levels of support to the local agents.

Decentralization offers advantages, especially in a country where distances are great or travel is inconvenient. Such an arrangement will guarantee the best possible coordination between the various parts of the whole process (UN 1996).

Town administration must show a commitment to ensuring the provision of an adequate supply of land by enacting and implementing a one stop shopping. Cities should be empowered with

sufficient resources and autonomy to meet their responsibilities (UNCHS 2000). Discouraging speculation through taking appropriate administrative measurement on who sell undeveloped land and encourage those who developed land. This measure of encouraging people to develop land before selling would increase the amount of developed land in the town.

Table 4.11: Summary of the Findings Research objectives Problems.

	Summary of the Findings Research objectives Problems**.**
1	Identifying the procedure used in formal urban land delivery system for investment purposes. Urban land delivery system for investment purposes is subject to complex procedures. The land delivery procedure is long process and discourages private investors.
2	Recognizing the stakeholders involved in formal urban land delivery system for investors. Land delivery system passes through Town, Zone and Region investment agents. But at Zone level the procedural steps are simply do again the function of town.
3	Ascertaining challenges associated with formal urban land delivery processes for investors. Institutional related instability and centralized decision making power are hinders urban land delivery system for investment purpose. Poor infrastructural facilities and land speculation are also major challenges.
4	Suggesting response options in order to address the challenges. Enhance institutional capacity program, empower town administration, examine the role each stakeholders, infrastructural provision and discourage land speculations.

Source: Compiled by the researcher, 2013

4.6. Conclusion

The finding, interpretation and discussion part of this study show that the procedure of urban land delivery system for investment purposes is not manageable task and discourage investors. The stakeholders involved in urban land delivery system are: Town Investment Office, Zone Investment Office and Regional Investment Commission. The major challenges that hinder formal urban land delivery system for investment purposes are institutional weakness, centralized decision making power, poor infrastructural condition and land speculation. In order

to address the challenges the stakeholders have to intend to provide institutional capacity building program, improve infrastructural condition, empower town administration and discourage land speculation.

CHAPTER FIVE

5. CONCLUSIONS AND RECOMMENDATIONS

5.1. Introduction

This chapter presents conclusions and recommendations based on the formal urban land delivery procedures, stakeholders involved in land delivery system, and challenges that hinder land delivery system for investment purposes It presents a summary of results and discussion likely to suggest possible solutions to address the identified problems.

5.2. Conclusions

In this chapter the conclusion part summarized an assessment of formal urban land delivery system for investment purposes based on the specific objectives discussed in the finding part of the study.

5.2.1. Procedures of Formal Urban Land Delivery System for Investment Purpose

The process of land delivery procedures is follows a series of steps and involved different offices. The results of formal urban land delivery system show that land delivery procedures are complex, requires long waiting time, expensive. This creates dissatisfaction on the side of and applicant investors in terms of land delivery procedures in the town.

As efficient formal urban land delivery system for investment purposes encourage private investors and enhances the socio-economic development of a town, inefficient delivery system could have an adverse effect. An efficient formal urban land delivery system for private investors is the result of quality of inputs such as required procedures, actors involved administrative related issues and time spent to get a plot of land. In the town the procedure of formal land delivery system for investment purposes is inefficient due to do again the function of town investment office at zone investment office, encompasses irrelevant process and unnecessary steps. In general, despite the fact that different governmental agent has the responsibility of

delivering urban land for investment purposes in the town, the finding of this study is discover that there is a cumbersome procedure of urban land delivery system for investment purposes that hinders socio-economic development of the town by discouraging private investors in the previous time.

5.2.2. Stakeholders of Urban Land Delivery System for Investment Purposes

In the town of Sebeta, different governmental agents have the responsibility of delivering urban land for investment purposes. In this study governmental agents that have direct role in formal urban land delivery for investment purposes are well identified. These governmental agents have the responsibility of formal urban land delivery for investment uses, according to their institutional capacity, administration level and delegated responsibility. Regional Investment Board has eight members in it and these members are collection of different concerned bureaus, commissions and institutions head. The board has the power of making the final decision concerning land for investment purposes in the territory of Oromia region. The other government organs who have responsibility of land delivery for investment purposes are Oromia Investment Commission, Zone Investment Office and Town Investment Office.

5.2.3. Challenges that Hinder Urban Land Delivery System for Investment Purpose

The cumbersome procedural steps of urban land delivery system for investment purposes are reasons for corruption, informal payment and extended waiting time to obtain requested get a plot of land. These situation become causes of inefficient urban land delivery system for investment purposes in Sabeta town. Due to inefficient and ineffective land delivery system for investment purposes, private investors are discouraged from investing in terms of capital, skills and technology in Sabeta town. This fact has contributed to the increase of unemployment, revenue base de-generation and distortion of socio-economic development of the town. Opinion results from town administration officials, private investors and field observation shows that poor infrastructural facilities, centralized decision making power, bureaucratic delay, extended waiting time, high lease cost, institutional weakness and land speculation are the main challenges that hinder the formal urban land delivery system for investment purposes in the town.

5.2.4. Suggested Options to address Challenges of Land Delivery System for Investment

A comprehensive institutional capacity program focusing on urban land delivery for investment purposes has to be in place by establishing relevant institutions and systems. This is the most decisive solution to problems of procedural cumbersomeness of land delivery system for developer investors. According to this study's respondent suggestion, regional government should to delegates the power of urban land delivery system for investment uses to the town administration.

5.3. Recommendations

The following recommendations are intended to provide based on findings of the study. The subsequent courses of action are strongly recommended to make the formal urban land delivery system for investment purposes in Sabeta town, efficient. The researcher believes that these decisions will encourage private investors and promote the socio-economic development of the town, which is the ultimate goal of investment.

5.3.1. Prepare Manageable Procedures of Land Delivery System for Investment Purpose

Land delivery for investment purposes and development methods are subject to rather complex procedures in Sabeta town. Efficient urban land delivery procedures for private investors help to bring visualized sustainable development, which requires specialization, experience and local knowledge and understanding.

The land delivery process should be short, smooth and transparent, through involving only relevant stages in which investors acquire a plot of land for investment purposes. This will in turn bring strength through increased participation of private investors. The efficiency of the system will assure fund availability to cover the significant cost of land delivery. The overall effect, will be as sustainable development of the town, through increases encouraged investment and hence revenue.

5.3.2. Examine State-Wide Role of Stakeholders in Urban Land Delivery System for Investors

The responsibilities of each and every stakeholder involved should be clearly identified by the Regional government, in urban land delivery for investment uses in order to make the system accessible for investors in the town. Town administration should be capacitated and encouraged to look for solutions to institutional problems through continuous feedback, study, and analyses of facts, using different approaches to land administration and identify the best practices relevant to their own unique situations.

The procedure of formal urban land delivery system for investment purposes passes through Town investment office, Zone investment office and Oromia investment commission including their committees and the board. Here, Zone investment office has no any other function except to repeat the function of town and regional investment commission. The existing redundancy of procedures and unnecessary bureaucratic steps should be reformulated by the regional government in such a way that human and financial resources are not wasted.

5.3.3. Provide Strategies to Reduce Challenges of Urban Land Delivery System for Investment Use

Based on the major challenges ascertained in the study, the recommendations are intended to provide suggestions on building institutional capacity, improving infrastructural condition, empowering town administration and discouraging land speculation.

5.3.3.1. Build Institutional Capacity

The town administration need to implement a comprehensive institutional capacity program focusing on land related human resources development supported by establishing relevant institutions and systems. This could be the most decisive solution to problems of land delivery systems for investment purposes. The office should focus on the enhancement of the link between different land administrations institutional arrangements.

5.3.3.2. Improve Infrastructural Condition

The fact that poor infrastructure conditions have dramatic effects on economic productivity, urges for town administrations' investment on urban infrastructure by developing revenue bases through bond selling and enhancing corporation with neighborhood towns and rural districts. The administration can also provide basic infrastructures through participating both foreigner and domestic private investors who are actively investing in the town of Sabeta.

Partnership with the private and the community would be possible especially for operation and maintenances, since it is a shared interest. The regional government pioneer ship in the providing of basic infrastructure would trigger developers and to inhabitants to fully participate. Otherwise, the investors would be discouraged to invest in Sabeta town and turn their interest to other town with potential infrastructural development. This will definitely hinder the overall development of Sabeta town.

5.3.3.3. Empower Town Administration

Regional government should delegate the power of urban land delivery system for investment at town level. The decision making power of urban land delivery system for investment purposes have to be decentralized to town administration. Decentralization offers advantages, especially in a town where distances are great or travel is inconvenient. From a practical point of view, placing land administration offices at the district or local government level tends to ensure greater accuracy and effectiveness.

From a political perspective, bringing government closer to the people through decentralization has considerable demand. If these offices are located a long way from the land for which they want to invest, investors might be in conveniences. Decentralization would allow the overall formal land delivery system for investment purposes to proceed smoothly and would permit the system to respond more effectively to both domestic and foreign private investors.

5.3.3.4. Discourage Land Speculation

The local government of Sabeta town has tried to prevent speculation through launching construction regulation. Discouraging speculation through taking appropriate administrative measurement on who sell undeveloped land and encourage those who developed land. This measure of encouraging people to develop land before selling would increase the amount of developed land in the town. Taxes on vacant or underutilized land are a potentially strong and direct instrument to punish speculators, especially if rated according to the date of acquisition and the degree of underutilization. However, the best way of discouraging speculation is not only to tax more those who sell undeveloped land.

5.4. Conclusion

Land is a key and the scarce natural resource. As discussed in different literature it requires proper consideration in urban development so as to be a focus of attention to any government and society, because of the base of all economic activities. If the process of urban land deliver system for investment purpose is efficient, the system will be encourage private investors and develop the socio -economy of the town. The cumbersome procedural steps of urban land delivery system for investment purposes are cause for informal payment and extended waiting time to get a plot of land.

This situation becomes cause for inefficient urban land delivery system for investment purposes of Sabeta town. The land delivery process should efficient, smooth and transparent, through involving only relevant stages in which investors acquired requested plot of land for investment

purposes. Efficient urban land delivery procedures for private investors help to bring visualized sustainable socio-economic development of the town.

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7. APPENDEX

Indira Gandhi Open National University

Public Administration Masters Program

Date _____

Code_____

Annex 1: Questionnaire Addressed to Private Investors.

For the partial fulfillment of the requirement of Masters Degree in Public Administration from Indira Gandhi Open National University, I am conducting this dissertation on 'Challenges and Prospects of Decentralized Urban Land Delivery System for Investment Purposes' in the case of Sabeta town. The result of this study can be used by town investment office or other concerned bodies to address the challenges on formal land delivery system for private investors. So, I request you to give me clear and unbiased information on what you are asked below. I would like to thank you very much in advance for your cooperation.

Part I: Demographic Characteristics.

Answer by putting sign in the box

1. Sex:

- Male ☐
- Female ☐

2. Age _____

3. Educational status _____

4. Place of birth _____

5. Nationality _____

Part II: Land delivery related questions.

6. In which sector of investment activities you/your company engaged in the town?

A. Flower industry ☐ B. Agro industry ☐

C. Manufacturing ☐ D. Hotels and Tourism ☐

E. Social service ☐ F. Others ☐

G. Commercial ☐

7. When did you or your company get this plot of land? ☐

A. Before 2001 ☐ B. 2001-2005

C. 2006-2010 ☐ D After 2010 ☐

8. How much time you were waiting to get this plot of land starting from application date to secure title?

A. Less than 6 month ☐ B. 6 to 11 month ☐

C. 1 to 2 years ☐ D. More than 2 years. ☐

9. Please write year of starting your investment project? _____

10. How much is the total area of your/company's plot of land?

A. < $500M^2$ ☐ B. $500M^2$-$1000M^2$ ☐

C. $1001M^2$-$5000M^2$ ☐ D. > $5000M^2$ ☐

11. How did you hold this plot of land?

A. Lease system ☐ B. Permit system ☐

12. If the answer is 'A' on Question No. 11, how you obtained it?

A. Through negotiation ☐

B. Through auction ☐

C. Other ☐

13. How much financial capital have you been invested in this project? _____(Birr).

14. Which administration tier was gave you to develop this plot of land?

A. Town administration ☐ B. Zonal administration ☐

C. Regional administration ☐ D. All ☐

15. If your answer on Question No. 14 is ‘D’ in which administration agent the response is more delay?

A. Town administration ☐ B. Zonal administration ☐

C. Regional administration ☐

16. Which administration agent has a great role when you permitted to develop this land?

A. Town administration ☐ B. Zonal administration ☐ C. Regional administration ☐

17. Which administration body you select to carry out the responsibility of urban land delivery for investment purpose starting from application to secure title?

A. Regional ☐ B. Zonal ☐

C. Town ☐ D. I don’t care ☐ E. Others ☐

18. What are the most socio – economic benefits of your project to the local administration? (Tick the most one).

A. Revenue generation ☐ B. Providing employment opportunity ☐

C. Providing infrastructural facilities ☐ D. Participating in social affairs ☐

E. Other ☐

19. What is the major problem that hinders the formal land delivery system for investment purposes?

A. Centralized responsibility ☐ B. High lease cost ☐

C. Shortage of basic infrastructural facilities ☐ D. Bureaucratic complexity ☐

E. Long waiting time ☐ F. Other ☐

20. What is your opinion about the overall formal urban land delivery procedures for investment purposes in the town?

_____

_____

_____

_____

_____

21. What do you suggest to tackle the challenges that constraint the formal land delivery system for investment purposes in the town?

_____

_____

_____

_____

_____

_____

_____

Indira Gandhi Open National University

Public Administration Masters Program

Date _____

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Annex 2: Interview Guide for Oromia Investment Commission and Zone Investment Officials.

I am conducting this dissertation on 'Challenges and Prospects of Decentralized Urban Land Delivery System for Investment Purposes' in the case of Sabeta town. The result of this study can be used by town investment office or other concerned bodies to address the challenges on formal land delivery system for private investors. So, I request you to give me clear and unbiased information on what you are asked below. I would like to thank you very much in advance for your cooperation.

Part I: General information

1. Sex:

- Male ☐
- Female ☐

2. Educational status _____

3. Qualification_____

4. Position in the office_____

Part II: Formal land delivery system for investment purposes related questions.

5. Which administration agent is responsible for the formal urban land delivery for investment purposes?

A. Town investment office ☐ B. Zone investment office ☐

C. Region investment commission ☐ D. All ☐

6. If the answer on Question No. 5 is ‘D’ please specify the responsibility of each organizational agent?

_____

_____

_____

_____

_____

7. If the answer on Question No. 5 is not ‘D’, what are the structural functions of the remaining agencies? (Please specify).

_____

_____

_____

_____

_____

_____

8. Who are the main stockholders involved in urban land delivery system for investment purposes in the region/zone?

A. _____

B. _____

C._____

D._____

9. Who are the members of investment board or “Board of Investment” in the region?

_____

_____

_____

_____

_____

10. What are the responsibilities of this board?

_____

_____

_____

_____

_____

11. Is it a clear organizational responsibility between town, zonal and regional in terms of urban land delivery for investment purposes?

A. Yes ☐ B. No ☐

12. Power of formal urban land delivery system for investment purposes is centralized at regional level.

A. Agreed ☐

B. Not agreed ☐

C. No response ☐

13. What is the major challenge that hinders the formal urban land delivery for private investors in the region/zone?

A. Uncertain structural responsibility ☐ B. Institutional weakness ☐

C. Lack of basic infrastructure ☐ D. High lease price ☐

E. Land speculation ☐ F. Other ☐

14. Dose the delivery system benefit both domestic and foreign private investors in equitable manner?

A. Yes ☐ B. No ☐

15. If your answer is 'Yes' please justify, if 'No' please reason out.

_____

_____

_____

_____

16. What are the full procedures of formal urban land delivery systems for investment purposes?

_____

_____

_____

_____

_____

17. How much time is waiting to get a plot of land by investors starting from application date to acquisition of land? _____

18. What are the most effects of an inefficient land delivery system for private investors?

A. Low investment attraction ☐ B. Loss of investors trust ☐

C. Discouraging investors ☐ D. Distortion of land use ☐

E. Emergency of illegal land market ☐ F. Other ☐

19. What are the most effects of losing private investors due to inefficient land deliver system in the urban center of the region/zone?

A. Low revenue generation ☐ B. Unemployment ☐

C. Whole economic distortion ☐ D. Low technology transformation ☐

E. Other ☐

20. What do you suggest to tackle the challenges that constraint formal urban land delivery system for investment purposes in the region/zone?

_____

_____

_____.

Indira Gandhi Open National University

Masters Program on Public Administration

Date _____

Code_____

Annex 3: Interview guide for Selected Sabeta Town Administration Officials and Town Investment Committee Members.

I am conducting this dissertation on 'Challenges and Prospects of Decentralized Urban Land Delivery System for Investment Purposes' in the case of Sabeta town. The result of this study can be used by town investment office or other concerned bodies to address the challenges on formal land delivery system for private investors. So, I request you to give me clear and unbiased information on what you are asked below. I would like to thank you very much in advance for your cooperation.

Part I: General information

1. Sex
   - Male ☐
   - Female ☐
2. Educational status _____
3. Qualification_____
4. Position in the office_____

Part II: Formal land delivery system for investment purposes related questions.

5. What are the widely practiced investment activities taken places by private investors in the town?

A. Flower industries ☐ B. Agro-industries ☐

C. Manufactures ☐ D. Commercials ☐

E. Hotels and Tourism ☐ F. Other ☐

6. How many hectares of land delivered for private investors for different investment sectors within last ten years (2000-2005)?

S/N	Investment sectors	Land delivered in hectare
1	Flower industries	
2	Agro-industries	
3	Manufacturing	
5	Social services	
6	Hotels and Tourism	

7. Which organizational agent is responsible for the formal urban land delivery for investment purposes?

A. Regional Investment Commission ☐ B. Zonal Investment Office ☐

C. Town Investment Office ☐ D. All ☐

E. Other ☐

8. If your answer on question No. 7 is 'D' is it clearly written regulation which is identifying the responsibility between those organizations?

A. Yes B. No ☐ ☐

9. In your opinion is it the power of formal urban land delivery system for investment purposes is centralized at regional level?

A. Agreed ☐

B. Not agreed ☐

C. No response ☐

10. If your answer on question No. 9 is 'Yes' what is the major effect of centralizing the processes?

A. Long waiting time to get a plot ☐ B. Bureaucratic complexity ☐

C. Corruption ☐ D. External cost ☐

E. Others ☐

11. What are the full procedural steps of formal urban land delivery system for investment purposes starting from application to secure title?

_____

_____

_____

_____

_____

_____

_____

12. Who are the stakeholders involved in the formal urban land delivery system for investment purposes?

_____

_____

_____

_____

_____

13. What are the human resource requirements for the investment office of the town according to organizational structure?

S/N	Man power and educational level	Profession	Available	Required

1	>Grade 12			
2	Diploma			
3	<First degree			
4	Other			

A. Grade 12 ☐
B. Diplomas ☐
C. First degree ☐

14. What is the current status of private investors in terms of acquire land for investment purposes?

A. Low ☐
B. Medium ☐
C. High ☐

15. What ate the status of private investors' project in the last five years?

S/N	Investment sectors	Number of Project with its status		Invested capital (Birr)	Created employment opportunity
		Under construction	under production		
1	Flower industries				
2	Agro-industries				
3	Manufacturing				
4	Social services				
5	Hotels and Tourism				
6	Others				

16. What are the major challenges hampers the formal land delivery system for private investors?

A. Uncertain organizational responsibility ☐ B. High lease cost ☐

C. Low basic infrastructural facility ☐ D. Land speculation ☐

E. Bureaucratic delay ☐ F. Other ☐

17. What are the most effects of an inefficient land delivery system for private investors of the town?

A. Low investment attraction ☐ B. Loss of investors trust ☐

C. Discouraging investors ☐ D. Distortion of land use ☐

E. Emergency of illegal land market ☐ F. Other ☐

18. What are the most effects of losing investors due to inefficient land deliver system in the town?

A. Low revenue generation ☐ B. Unemployment ☐

C. Economic distortion ☐ D. Low technology transfer ☐

E. Other ☐

19. What do you suggest to tackle the challenges that constraint formal urban land delivery system for investment purposes in the town?

Annex 4: Observation Checklist

This observation check list was prepared to observe the infrastructural condition; development process of land occupied by private investors and speculated land.

1. Investment Zone
   1.1 Location of private investment activities.
   1.2 Availability and quality of infrastructure.

2. Procedural steps of formal urban land delivery system for private investors.
3. Speculated land.