



Informal settlements in the peri-urban areas of Bahir Dar, Ethiopia: An institutional analysis



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ABSTRACT

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Peri-urban land which has been used predominantly for agricultural purposes and held by local farmers is a target area for informal settlements in Ethiopia. An increasing number of people try to solve their housing needs by getting a plot of land informally in the transitional peri-urban areas. The purpose of this study is to explore the principal actors involved in the informal conversion of peri-urban agricultural land into urban built-up property. This study is also aimed at demonstrating the role of non-state institutions in facilitating informal acquisition and development of peri-urban plots. Both questionnaire and document analysis were the main sources of data for this study. The result of this study indicated that traditional social institutions played a significant role in processing peri-urban informal settlements and stabilizing land related conflicts by social sanction measures. The study has also found out that the process of acquiring a plot of land from peri-urban areas passes through its own stages which mainly start with identifying a plot for sale and ends with the confirmation of traditional letter of agreement signed by transacting parties without legal ground to do so.

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Introduction

Peri-urban land, located in the transitional zone between fully urbanized and rural agricultural land is a mushrooming place for new informal settlement (Kombe, 2005: 117). Informal settlements are areas where housing units have been constructed on land to which the occupants have no legal claim or the constructed housing units are not in compliance with the land use planning and building permit requirements of a given country (UN-Habitat, 2003: 196). In other words, informal settlement refers to the contravention of official law that deals with occupation of land, its use, subdivision standard, way of transfer and by-passing of official requirements of building permit.

The contraventions of official law related to land acquisition and development can be classified into squatter settlements and unauthorized development (UN-Habitat, 2003: 196). Squatter settlement refers to illegal occupation of land and/or constructions without permission from owners. Unauthorized development on the other hand, refers to those constructions and developments without plan and building permission from the respective

authority. Most often, unauthorized developments take place on privately owned peri-urban agricultural lands. While squatter settlements are found both in the peri-urban areas and in the centrally located urban areas, mostly on public land and less frequently on private land (Durand-Lasserve & Royston, 2002: 4).

Informal settlements could be considered as a continuation of an intrinsic process of human settlement evolution which passes three different stages: starting, booming and saturating (Fekade, 2000: 142). The starting or infancy stage refers to the construction of low standard wood and muddy houses by low-income house seekers where the houses are often scattered on the agricultural fields. The booming or collective expansion stage is characterized by the construction of formal-like apartments that match to the middle income housing demand. At booming stage, about 80% of the agricultural land is converted into housing. At saturating or consolidated expansion stage, open land for the construction of houses is more or less depleted and additional housing units are primarily resulted in plot densification and extension on public and semi-public spaces.

Governments' limited supply of affordable housing and inefficiency of guiding urban developments are the main reasons for the emergence of informal settlements in the inaccessible peri-urban areas (FIG, 2008: 10). In a situation of inefficient and unaffordable formal housing and land delivery system, informal markets

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are the main sources of land for low-income groups of the society (Mooya & Cloete, 2007: 6). The source of finance for building informal residential houses is largely from personal savings and mutual aid arrangements. Thus, informal settlements can be understood as both responses and witnesses to extensive urban poverty and signal to failure of urban governance (Huchzermeyer, 2011).

However, informal settlements are considered to be illegal and chaotic in most Sub-Saharan countries (Rakodi & Leduka, 2003: 15). Most governments are ill-informed with respect to the social rules and institutions governing how people are acting in the informal systems. Informal settlements and developments have their own forms of social ordering and systems (Nkurunziza, 2007: 510). Actors in the informal settlement areas survive with their own initiative management system and land tenure relations (Rakodi, 2007).

Like that of most Sub-Saharan countries, the illegal and unauthorized conversion of agricultural fields into urban built-up property is very observable and vast in the peri-urban areas of Ethiopia (UN-Habitat, 2011). However, little in-depth research and analysis has been conducted on the actors involved in the process of informal urban development in the peri-urban areas. A research on non-state institutions that are facilitating and regulating the process of land acquisition and development is also very limited. The key activities and patterns of behavior of key actors as well as rule-structuring processes through which households acquire and keep a plot of land that enable them to erect structures for habitation is not well studied. Therefore, this study aims to show the process of informal settlement and development in the peri-urban areas. To achieve the aim of the study, a combination of secondary and primary sources of data such as document analysis, questionnaire, interview and focus group discussion were employed.

Theoretical framework: institutional analysis of informal settlements

Urbanization by its very nature leads to massive conversion of immediate peri-urban agricultural fields into urban residential use both formally and informally (Gough & Yankson, 2000: 2496). Both formal and informal conversion and transaction of land usually operate based on social rules that are understood and complied by actors in the system. The system under which actors interact based on the social rules can be considered as institution. Institutions are devised to shape human interactions into a predictable and manageable way (North, 1991: 97).

Institutions enable transactions to occur and regulate relations between the transacting parties. Institutions are evolved with a purpose of governing transactions so that markets operate with a kind of fluidity and efficiency (Klein, 1999: 466). From the point of this study, transaction can be seen as the alienation and acquisition of land ownership or holding rights between individuals. Any type of transaction requires some kind of governing mechanism to protect the transacting parties from various hazards associated with exchange. Three principal forms of interpersonal relations that can do play a role in governing transactions are trust, violence and social sanctions based on collective action (Berner, 2000: 8). In the informal ways of acquiring land where the process is apparently outside of the formal regulatory framework, trust as norms of behavior is an important source of stability in human interaction. It is only trusting agents that can enter into transactions or co-operate each other (Rakodi & Leduka, 2003: 14).

However, trust by itself offers no solution if disagreements among the transacting parties arise. The other forms of interpersonal relations, social sanction or violence can play a role in solving disagreements among transacting parties in the informal market

(Berner, 2000: 9). Violence is a very expensive and insecure mode of governance even for those who employ it. Nobody will enter into transactions if he/she expects to be robbed violently. Therefore, social sanction measures against rule breakers are widely practiced as predominant modes of solving conflicts and stabilizing human interaction.

Even though it is merely difficult to separate the informal institutions from formal ones (North, 1991: 97), this study focuses on how informal land development and transaction in the peri-urban areas is governed. Informal land development and transaction might seem unregulated and chaotic but it has often been regulated by social rules that are developed and understood by the actors involved (Rakodi & Leduka, 2003: 15). Actors in the informal settlement areas survive with their own initiative management system and social ordering that are consistent with the expectations of transacting parties (Nkurunziza, 2007: 510). Parties entering into exchange relationships are likely familiar with the social environment in which their transactions occur and possess knowledge of their rights and obligations in the things being transacted under existing social conditions (Rakodi & Leduka, 2003: 14).

Formal urban land and housing delivery in Ethiopia

To understand why informal settlement areas are booming in the peri-urban areas of Ethiopia, it is necessary to make some explanations about the status of urbanization as well as the urban land and housing delivery strategy of the country. Ethiopia is the second most populous country in Sub-Saharan Africa with an estimated total population of 90 million. It is only about 17% of the population that lives in urban areas. Although the population is predominantly rural, the country is witnessing one of the fastest rates of urban growth that the urban population is growing far more rapidly than its rural population. The urban population projection shows that by 2020 one out of every five Ethiopians will be living in urban areas, and by 2030 about 30% of the country's population will be living in urban centers (UN-Habitat, 2010: 138). This fast rate of urbanization has resulted in very high demand for residential housing. As a response to the growing demand of urban residential housing, the government has formulated urban development policies and strategies. The urban land lease policy is one of the major policy interventions made by the government to allocate urban land for residential housing. The urban land lease policy is also intended to create a steady source of revenue for municipalities that can be used for the improvement of urban facilities (FDRE, 2011).

The condominium housing program is another policy intervention intended to address the urban housing challenges. The program has the aim of constructing multi-storied housing units mainly for low and middle income households in large urban centers. The condominium housing program is mainly funded by the Commercial Bank of Ethiopia (CBE) with an agreement made between the city administration which is in charge of running the program and the CBE. Condominium unit beneficiaries are required to make an initial payment (down-payment) which is about 10% of the total price of a unit from personal savings. For the remaining payment, the beneficiaries are also required to enter into a contractual loan agreement with the CBE. The amount of initial payment and the monthly interest and principal repayments to the bank vary according to area and total price of the unit.

However, both the lease policy and condominium housing programs have remained insensitive to the housing demand of the urban poor (UN-Habitat, 2007: 30). In order to acquire a plot of urban land through a lease contract or a condominium unit, a substantial amount of lump sum fee or initial/down-payment is required from personal saving. The allocation of plots through lease contract and allocation of condominium flats seem to provide

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