

Good Practice

Global Programme Responsible Land Policy

ETHIOPIA: Formalizing land rental market through land rental service provision

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Programme and project



The Global Programme Responsible Land Policy (GPRLP), initiated by Germany's Federal Ministry for Economic Cooperation and Development (BMZ) under the Special Initiative Transformation of Agricultural and Food Systems, seeks to improve access to land for vulnerable populations in rural areas, contributing to the fight against poverty and hunger. The program is active in multiple countries, including Laos, Peru, Paraguay, Benin, Uganda, Ethiopia, Madagascar, Burkina Faso, Côte d'Ivoire, Niger, and Cameroon.

In Ethiopia, the GPRLP is implemented through the Support to Responsible Agricultural Investment II (S2RAI II) project in partnership with the Ethiopian Ministry of Agriculture (MoA). Launched in July 2019, S2RAI II aims to secure land access for vulnerable populations by applying best practices in responsible land governance. This includes the implementation of the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries, and Forests (VGGT) and of the principles for Responsible Agricultural Investments (RAI). Both frameworks have been operationalized for the Ethiopian context during the project's first phase. S2RAI II supports the Ethiopian government in regulating large-scale agricultural investments to ensure social and environmental commitments are met while also facilitating the issuance of land certificates for smallholder farmers.

A sub-project of S2RA II started in 2022 and ended in June 2025. It encompassed three interconnected components: Second Level Land Certification, Rural Land Administration System, and Economic Empowerment. It targets 127 districts (woredas) in the Amhara, Oromia, Sidama, Central Ethiopia, South and South-West Ethiopia regional states.

Under the Economic Empowerment component, the sub-project focused on enhancing income and investment impacts in the rural landholders through land tenure security provided by land certification. This intervention promotes among others formalized rural land rental arrangements using Standard Land Rental Contracts (SLRCs) and deploys Land Rental Service Providers (LRSPs) to facilitate secure and efficient transactions.

Collaborations

The Support to Responsible Agricultural Investments (S2RAI) project collaborates with the World Bank-funded Climate Action through Landscape Management – Land Administration (CALM-LA) program. The objective of CALM-LA is to promote the adoption of sustainable land management practices and expand access to secure land tenure in non-rangeland rural areas. The CALM program provides technical and financial support for the implementation, scaling up, and sustainability of access to finance intervention beyond the project's target areas.

Thanks to the collaborative efforts between the project, the Federal Land Administration and Use Lead Executive Office, Regional Land Administration Bureaus, and the CALM program, all Rural Land Administration System (RLAS) districts are now planning and implementing intervention activities. Additionally, the World Bank research group is currently undertaking experimental research on land rent facilitator's efficiency with technical support from the S2RAI project.

Starting point

In Ethiopia, the rural land rental market faces several challenges that hinder its efficiency. Research conducted in 2013/2014 indicates that 41% of land rental transactions occur informally, resulting in low productivity and underutilization of rural land parcels, which, in turn, leads to reduced incomes. The Ethiopian rural land rental market is seen as inefficient and underutilized due to lack of favourable legal framework, institutional constraints, failure in arbitrage, and information asymmetry leading to exploitation of rural farmers' resources and a major cause of land-related dispute.

Rural farmers lack awareness of their right to rent in/ rent out land, they fear the government might take their land if they participate in the land rental market. Therefore, they often prefer informal agreements with neighbours and relatives, a solution that can often lead to disputes, lower prices and loss of land holding, especially among vulnerable famers.

To address these challenges, establishing a well-functioning rural land rental system is essential. Such a system would tackle these bottlenecks, facilitate the transfer of land from less productive to more productive farmers, and ultimately boost both productivity and income levels in rural areas.



Land lessor and the land lessee signing a contractual agreement and registering their transaction at the Woreda Land Administration Office

The Rural Land Administration and Use Lead Executive Office under the Ministry of Agriculture has developed two key innovations to establish a sustainable rural land rental system: the Standard Land Rental Contract (SLRC) and Land Rental Service Providers (LRSPs).

STANDARD LAND RENTAL CONTRACT (SLRC):

SLRC is a formal land rental contract that replaces informal agreements and offers more secure and enforceable land rental agreements. It aims at formalizing cash and share cropland rent agreements.

LAND RENTAL SERVICE PROVIDERS (LRSPS)

are community-selected individuals tasked with raising awareness about the formal land rental process, linking renters with rentees, supporting the completion and registration of SLRCs, and facilitating better rent negotiations by providing information on land availability and pricing.

The primary objective of the initiative is to formalize land rental agreements while enhancing the processes and procedures involved in land rentals. It aims to establish a sustainable system for providing reliable information on land rental demand and availability, and to continue raising awareness among all relevant stakeholders. Additionally, the initiative seeks to create a more favourable regulatory and policy environment to support the land rental market and to develop a transparent and enduring system for land rental service provision.

Positive changes

The innovations highly contributed to the formalization of rural land rent transactions enabling farmers to conclude a formal rent agreement based on Second-level Land Certification (SLLC), increasing their bargaining power and leading to higher income and productivity from both ends.

More than 1,000 LRSPs have been trained. To ensure the sustainability of the LRSP model, a payment and licensing system was introduced in 16 pilot districts. LRSPs received service fees for their work, while the Regional Land Administration Offices and the Regional Bureau of Trade and Industry managed their licensing and certification. By 2024, 314 LRSPs in pilot and non-pilot sub-districts have been licensed and certified through S2RAI, with the initiative implemented in collaboration with regional, district, and sub-district land administration bureaus.

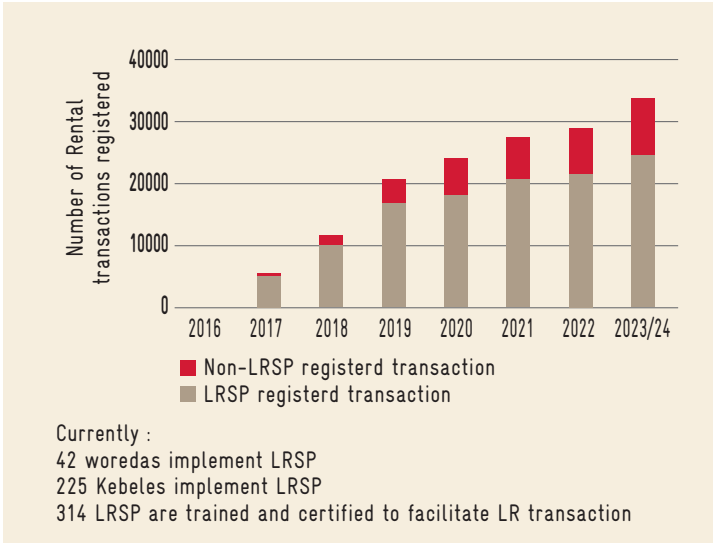


Fig. 1 LRSP vs Non LRSP registered Transaction (2016-2024)

As of 2024, the LRSP model is implemented in 42 districts and 225 sub-districts. Between 2016 and 2024, out of the total 33,976 land rental ag ents that were registered in National Rural Land Administration Information System (NRLAIS), 24,805 have been facilitated by LRSPs, indicating a high contribution of land rental facilitators to land rent facilitation.

This approach has delivered significant results:

- A 12% increase in the number of agreements made with individuals outside their sub-districts.
- 30% higher rental incomes for landholders due to improved bargaining power.
- Approximately 30% of rental clients renting land for the first time.
- Formalized land transfers from landholders to tenants have boosted land productivity by an average of 41%, as tenants often bring greater capital and labour resources.

"I am a farmer plowing four of my parcels and making best use of them. If I want to rent it out or give it to someone else for a short period of time, I feel very secure about my property and parcel. I do not feel the risk of losing it by the rentee like before the certification and land rental service provision intervention. If I need to rent out my land to any tenant, I am very confident of the system being implemented and I can simply rent out because I have a legally recognized certificate and there is a secured system of land rental market." ***Ms. Aregash Tilahun, Farmer****, Shershera Mena Kebele, Meskan Woreda, Central Ethiopia Region.*

"I received training and a license to work as LRSP two years ago. The commission fee I earn from facilitating formal land rent subsidizes my meagre farmland income to feed my family. However, the biggest satisfaction from being LRSP comes from helping vulnerable people secure reasonable income from land rent. I remember the support I gave to a widow, who was on the verge of losing her land due to an informal rent agreement. I intervened and informed her to rent her land formally with reasonable price. She was very happy at the end as the formal agreement protected her rights." ***Mr. Teferi Saleh, Land Rental Service Provider****, Married and a father of eight, Meskan Woreda, Central Ethiopia Region.*

Approach



The land rental intervention aims to foster a more dynamic rental market by introducing innovations that benefit landholders.

The program came with multiple interventions such as:

- Facilitating the development of systems that generate and distribute information on land availability, increasing awareness on the functioning of the land rental system.
- Improving land rental processes and procedures at the sub-district (Kebele) and district (Woreda) levels to provide security and confidence to landholders and tenants that the rental transaction is legal and secure.
- Ensuring all rural land departments at the regional, district, and sub-districts levels are fully aware of the importance of formalizing rural land rental transactions, and that renting in/out rural land is legal and should be culturally acceptable.

The land rental intervention was implemented through a structured four-step process:

Step 1. Selection of target Districts

Criteria for selecting districts that will benefit from land rental contract intervention are:

- **Second Level Land Certification (SLCC) coverage:** SLLC is a process that involves the demarcation and adjudication of land parcels to issue landholding certificates to land users. It is called "Second Level" because it follows a prior land certification (First Level Land Certification), which lacked spatial data and inaccuracy in parcel attributes such as size and measurements. SLLC coverage of districts is a key prerequisite for the land rental market intervention, as it provides accurate and reliable data of parcels undergone rental transactions.
- **Rural Land Administration System (RLAS) operational status:** RLAS is the next phase following SLLC. It aims at establishing an improved land administration system by enhancing the efficiency and effectiveness of land transaction services. The system is managed using National Rural Land Administration Information System (NRLAIS) software. Once SLLC is complete in a specific district, all spatial and attribute data from the land certification process is transferred to the NRLAIS, facilitating the recording of new land transactions and updating the land registry.

LRSPs are chosen by the community based on their trustworthiness, availability, educational background, and strong ethical and moral values. 45 districts and 317 LRSPs have been selected from different regions, ensuring broad representation and coverage.

Step 2. Capacity Building

To promote the Land Rental Service Providers (LRSP) model, a Training of Trainers (ToT) approach was adopted. District-level land experts received ToT, which was cascaded to lower-level partners, including Kebele (sub-district) Land Administration Committees (KLAC) and Kebele Land Administration Experts (KLAE).

- A four-day training was conducted across 41 project districts (Woreda), with 69 Woreda Land Administration Office (WLAO) experts participating.
- Following the work plan, the ToT was extended to WLAO staff and KLAC members in 32 districts, training a total of 454 WLAO staff and 871 KLAC and KLAE members for two days each.

Step 3. Awareness Creation / Stakeholders consultation

Awareness creation was crucial for establishing a sustainable Land Rental Service Provision System.

- Information sessions were held for WLAO stakeholders, sub-district Land Administration Committees, sub-district Land Experts, natural resource experts, and community members.
- These sessions educated 454 WLAO staff and 871 KLAC and KLAE members on land rental services, laws, and formal procedures.

Step 4. Formalization of land rental agreements

To support implementation, the project provided technical assistance to 44 districts through 10 dedicated assistants. Each assistant covered four districts, focusing on:

- Land rent agreement
- Price negotiation
- Filling out forms
- And related challenges.

This helps a lot in improving the technical capabilities of LRSPs to give the required service for land rentees and renter.



Land rental service providers supporting land lessor and lessee in negotiating land rental market and deciding on price



Land rental service providers after receiving on job training at Meskan district

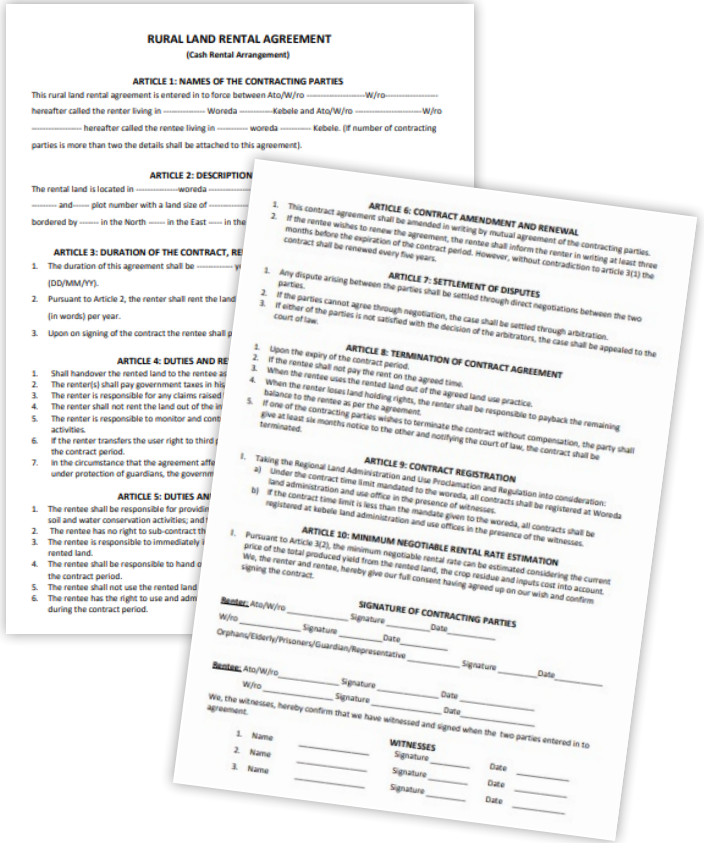
Step 5. Monitoring of land rental service provision activities

10 assistants regularly monitored land rental service provision activities across 44 districts, focusing on:

- The effectiveness of service provision in achieving its intended goals
- The inclusion and benefits for vulnerable groups
- The ethical conduct of LRSPs
- Community and land users' perceptions
- Coordination and support from sub-district and district land administration offices

Findings from these monitoring activities served as evidence to further refine and enhance the process and intervention in the target districts and sub-districts.

Lessons learned



RURAL LAND RENTAL AGREEMENT

(Cash Rental Arrangement)

ARTICLE 1: NAMES OF THE CONTRACTING PARTIES

ARTICLE 2: DESCRIPTION

ARTICLE 3: DURATION OF THE CONTRACT, RE

ARTICLE 4: DUTIES AND RE

ARTICLE 5: DUTIES AN

ARTICLE 6: CONTRACT AMENDMENT AND RENEWAL

ARTICLE 7: SETTLEMENT OF DISPUTES

ARTICLE 8: TERMINATION OF CONTRACT AGREEMENT

ARTICLE 9: CONTRACT REGISTRATION

ARTICLE 10: MINIMUM NEGOTIABLE RENTAL RATE ESTIMATION

SIGNATURE OF CONTRACTING PARTIES

WITNESSES

The success of the land rental intervention was significantly influenced by a Training of Trainers (ToT) model, which empowered district land experts and cascaded training to lower level implementing partners, such as sub-district (Kebele) Land Administration Committees (KLAC) and Kebele Land Administration Experts (KLAE).

Careful monitoring of the project found out that:

1. Standard contracts are easily adaptable

- The Standard Land Rent Contract proved highly adaptable across District (Woreda) Land Administration Offices (WLAO) and Sub-district (Kebele) Land Administration Offices. This highlighted its practicality and the innovation's broad acceptability.

2. Capacity building drives ownership

- The selection and deployment of Land Rental Service Providers (LRSPs) were strongly supported by well-trained WLAO staff. Capacity-building efforts not only enhanced their expertise but also strengthened their commitment to the intervention's success.

3. Awareness creation engages partners

- The process of licensing LRSPs required the involvement of multiple stakeholders. Effective awareness campaigns ensured that implementing partners were actively engaged and understood their roles, fostering collaboration and support for the initiative.

These findings underscore the importance of capacity building and awareness creation as fundamental elements for scaling and sustaining the land rental intervention.

The scaling-up strategy includes following next steps:

- **Empowering regions to provide clear directives for land rental service provision implementation:** Regional land proclamations and directives should include explicit guidance for formalizing and facilitating land rent agreements. A clear end-to-end process and defined roles for stakeholders are essential to support effective implementation of Land Rental Service Provision at the local level.

- **Standardizing the LRSP training manual with updated content:** Create a clear, user-friendly training manual for sub-district experts to replace the current bulky version, streamlining training efforts and improving Land Rental Service Provision implementation at the district level.

- **Incentivizing and promoting best-performing LRSPs:** Recognize and reward successful Land Rental Service Provision implementations to encourage adoption and replication.

- **Continuing awareness and capacity building in districts:** Invest in ongoing awareness campaigns and capacity-building programs to equip district-level staff with the skills and knowledge needed for effective Land Rental Service Provision implementation.

Impressum

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