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Compensation Dynamics of Expropriation for the Expansion of Development Programs in Ethiopia: An Evidence from the Gada Special Economic Zone

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Abstract

Land transcends its physical dimensions to form the bedrock of life, cultural identity, and spiritual belonging for communities worldwide. In Ethiopia, this connection is profound, with land representing ancestral heritage, social status, and economic survival. However, the state's pursuit of development through Special Economic Zones (SEZs) often necessitates land expropriation, disproportionately displacing smallholder farmers. This process frequently occurs without commensurate compensation or due process, leading to severe socio-economic and cultural disruptions. This paper employs a qualitative doctrinal research approach to critically examine the compensation dynamics for smallholders expropriated for SEZ development in Ethiopia. Through an analysis of the constitutional framework, national proclamations including the Expropriation Proclamation No. 1161/2019 and the Special Economic Zone Proclamation No. 1322/2024 and subsidiary legislation, the study identifies a significant gap between legal principles and their implementation. The findings reveal that the current compensation implementation process is clearly departs from principles enshrined under the 1995 constitution of FDRE and other international principle and standards that mandates for advance, commensurate compensation. The paper concludes that a transformative, inclusive approach is urgently needed. It argues for expropriation processes that are not only legally compliant but also ethically grounded, integrating Indigenous knowledge and ensuring meaningful community participation.

Keywords: Compensation, Expropriation, Land acquisitions, Smallholders, Special Economic Zone, Ethiopia.

1. Introduction

For many Indigenous communities worldwide, the concept of land transcends Western notions of property (Beyene & Bellis, 2019). It is understood as a living, sentient entity and a source of identity, belonging, and spiritual connection. In various African countries, particularly Ethiopia, land is considered ancestral heritage and is not subject to sale (Dereso, 2025). Land is the foundation of life, identity, and economic progress. As scholars note, Indigenous relationships to land are rooted in intergenerational knowledge systems that fuse cultural identity with ecological landscapes (Gyamfi, 2022). This worldview positions humans within, rather than above, the natural world. Across human societies, land has always been central, shaping livelihoods, political systems, and cultural values through deep connections to traditional knowledge systems.

Conversely, since ancient times, tribes have frequently engaged in conflicts over land resources (Colin, 2013). Globally, land is a form of property subject to ownership or use rights, and it is an asset for developing sustainable livelihood strategies (Moreda, 2023a). This potential for wealth generation and livelihood sustainability makes land a primary factor in development. It also transcends mere economic value, having broader implications for well-being, especially for smallholder farmers, Indigenous peoples, and pastoralists, for whom land signifies a way of life and carries cultural worth (Otu, 2022).

As literature reveals, the importance of land for communities and economic development is indisputable (Abdo, 2014). Land, development, and human rights are deeply interconnected. Access to, use of, and control over land directly affect the rights of rightful holders, particularly farmers whose lives are based on Indigenous knowledge and culture (Berger, 2014). Consequently, land is not merely an economic matter but is deeply intertwined with culture and identity, especially in Africa and other developing countries (Wabelo, 2020a).

For smallholder communities, land is not a simple commodity or a factor of production; it is the foundational asset upon which entire livelihood systems, cultural identities, social structures, and psychological well-being are built (Yeni, 2024). Its loss could precipitate a collapse that extends across several interconnected domains. Likewise, most ethnic classes in Ethiopia possess histories, traditions, and practices that are contingent on their connection to their land (Talema & Nigusie, n.d.). Thus, the expropriation of land for SEZ development disrupts these cultural ties and psychological tie that leads to a gradual erosion of local customs and practices that have been passed down through generations.

In Ethiopia, the socio-cultural and psychological makeup of communities is profoundly connected to their land (Marzocchi, et al., 2024). Most ethnic groups possess histories, traditions, and practices contingent on their connection to specific locales (Marzocchi, et al., 2024). For Ethiopians, land is not simply a means of production but a matter of cultural and social identity. Landlessness risks the loss of personal identity, as land symbolizes a person's history, culture, and place in the world and community (Dereso, 2025). Thus, as a key asset for rural and urban settlers, land policies are fundamental to economic activity, poverty reduction, sustainable resource management, and household well-being.

Special Economic Zone (SEZ) expansion is inseparable from land access and rights; its development requires not only investment regulation but also proper land administration and management (Li & Wang, 2021). SEZ development is not merely a business activity; it fundamentally relies on land access, making the provision and availability of land one of the most critical aspects of investment (Cotula & Mouan, 2021).

As the number of SEZs increases, so does pressure on land. Governments often provide investors with favorable land access, leading to conflicts with local populations who have deep socio-cultural and psychological attachments to their land a particularly problematic issue in many countries (Levien, 2012). Large-scale land acquisition by investors often results in land loss for local farmers and communities, leading to loss of identity, culture, livelihood, displacement, and resource conflicts (Yesuf, 2021). Furthermore, land confiscation for SEZs can lead to human rights violations with significant economic, social, and environmental consequences (Black, 2023). This is especially true for vulnerable and marginalized communities, whose rights may be overlooked in the drive to establish SEZs.

Moreover, during the implementation of SEZs in Ethiopia, smallholders are frequently evicted from their landholdings and properties without receiving commensurate compensation. The current paradigm of development program implementation is intertwined with complex political ambitions and a state-led development approach, which has devastating impacts on the rights of smallholders, i.e., without adequate and proportional (commensurate) compensation.

This paper aims to examine the compensation dynamics of expropriation for development programs in Ethiopia, with particular reference to Special Economic Zones. It argues that the expropriation process should adopt an integrative approach, incorporating genuine Indigenous perspectives to

produce more context-sensitive and enduring outcomes. By investigating the constitutional, legal, and policy framework of compensation dynamics, the paper seeks to draw greater attention to expropriation processes for public interest projects, thereby promoting justice within the SEZ sector and upholding the indivisibility and interdependency of human rights, particularly land-related rights regarded as sacred and inseparable from community identity.

2 Literature Review

2.1 Notion of Land, Land Tenure and Policy Discourses in Ethiopia

The term "property" refers to anything with material or moral value for human beings, guaranteed and enforced by law. Land is a form of property subject to ownership or use rights (Mossoff, 2003). It is an asset for developing sustainable livelihood strategies. Its potential for wealth generation and livelihood sustainability makes it a primary factor in development (Kok, et al., 2014). Land is characterized by its fixed supply, differentiated fertility, indestructibility, immobility, role as a factor of production, and heterogeneity (Chen, et al., 2020).

Beyond this, land is a political resource and a source of power that enables challenges to power relations within societal hierarchies (Franco & Borras, 2021; Smith, 2023). It is an asset of great importance globally, in both developed and undeveloped regions (Fan & Rue, 2020). It is a crucial resource for agricultural production, mineral wealth, economic growth, ecological balance, basic needs fulfillment, and trade (Sun, et al., 2022). Land serves as a primary economic, political, social, and cultural asset and a key source of livelihood income worldwide (Abdo, 2023a).

In Ethiopia's largely agrarian society, land has been the primary source of livelihood (Dessalegn Dibaba, 2020). Its value extends beyond economics to cultural and social significance. There is a strong belief that land holds great potential for an agricultural-based economy, vital for achieving political and economic development goals (Mathewos, 2020). Land remains one of the most important national assets, a source of income, food, employment, and export earnings. For Ethiopians, land is not only a means of production but also a definition of cultural and social identity; thus, landlessness implies a loss of identity (Heger, 2020; Moreda, 2023b).

Land represents one's history, culture, and identity, symbolizing a person's place in the world and status in the community (Moreda, 2023a). Landlessness can lead to a loss of cultural and social identity. As a key asset for rural and urban settlers, land policies are essential for promoting economic activity, reducing poverty, ensuring sustainable management, and safeguarding household well-being (Moreda, 2023a).

The term "land tenure" is derived from the Latin word "tenere", meaning "to hold" (Murigu, 2022). Tenure defines social relations between people concerning land. It determines how individuals or groups acquire, hold, and transfer property rights. Land tenure involves the allocation and security of land rights, the legal framework for individual landholders, and the rights to transfer land through sale or lease (Enemark & van der Molen, 2008).

It is also defined as the relationship, whether legally or customarily defined, among people concerning land, and the systems within a society that determine who can use which resources, for how long, and under what conditions (Leta, Berlie, & Ferede, 2021). Scholars define it as a legal framework governing the relationship between people and land, including rights to hold, transfer, and lease. Secure land rights provide incentives for investment, increasing production and resource sustainability (Feéyes, 1987).

Land governance refers to how property rights to land are defined, exchanged, and transformed (Burns, et al., 2010); how public oversight over land use, management, and taxation is exercised; how land is managed, acquired, and disposed of; the nature and quality of publicly available land information; and how disputes are resolved (Hailu, 2016).

Africa's land governance system, particularly in Sub-Saharan Africa (SSA), faces various challenges due to historical, social, political, and cultural diversity (Udessa, et al., 2021). High-profile land grabs, illegal state land capture, land insecurity, and lack of public participation in land decision-making are exposed across several African nations; Ethiopia is no exception, with visible drawbacks in its land governance system. Likewise, historical events have shaped Ethiopia's complex land governance structure and policy. Land is regarded as a fundamental instrument for political, economic, social, and cultural growth, as well as identity (Dessalegn Dibaba, 2020); As a vital asset, land must be managed and governed effectively for optimal use (Adeyinka, 2024). Land reforms in Ethiopia have, at times, genuinely improved hurdles in its governance system.

Land policy, a central source of power in imperial and contemporary Ethiopia, remains the focus of contentious debate (Abdo, 2023a). The debate has largely revolved around two antagonistic arguments concerning property rights (Crewett, et et., 2015). The first is the revisionist view, which adheres to state and people's ownership of land, granting individuals use rights that can be freely transferred (Abdo, 2014).

The Ethiopian government and revisionists advocate for state ownership, whereby only usufruct rights are granted to landholders (Abdo, 2013). These rights exclude selling or mortgaging land. The

government asserts this protects rural peasants from selling their land to wealthy individuals and becoming landless and without livelihoods (Wabelo, 2020b). It is argued that private land ownership would lead to massive eviction or migration, as poor farmers are forced to sell their plots to unscrupulous urban speculators, especially during hardships (Weldegebriel, 2012). Allowing land sales would either displace farmers or convert them into tenants. The government bases its argument on social and historical justice: egalitarianism, guaranteeing every farmer in need equal access to agricultural land, and historical justice, granting tenure security to Ethiopian farmers who experienced land deprivation during the imperial era (Abdo, 2023a; Weldegebriel, 2012).

Despite these justifications for prohibiting private land ownership, the reality differs. While the government evicts farmers and pastoralists for large-scale agricultural investments and urban expansion, landholders often sell their plots to speculators due to fear of government expropriation (Abdo, 2023b). The government's justification does not prevent land sales or the displacement of farming communities. Similarly, the country's land policy threatens tenure security, as holders may lose their rights, primarily through displacement for private investment or eviction for public purposes (Mohammed & Inoue, 2014). Since land laws do not preclude future redistribution or expropriation, farmers cannot feel secure on their holdings.

The privatization argument, based on the economic rationality of land tenure, posits that individuals must be granted full ownership rights to facilitate land transfer through markets, thereby spurring economic growth (Abdo, 2014). The government's emphasis on the social function of land is challenged by advocates of privatization, including some opposition political parties, donor agencies, and scholars (Weldegebriel, 2012). They argue that state ownership prevents land market development, discourages farmer investment, holds down productivity, and encourages unsustainable land use practices (Kanji, 2005). They emphasize adequate measures like land certification and just compensation upon expropriation to guarantee tenure security.

2.2 The Socio-Cultural and Economic Conceptions of Land

A significant body of literature challenges the purely economic view of land, positioning it as a foundational element of identity, spirituality, and social cohesion. Globally, scholars like Gyamfi (2022) and Beyene & Bellis (2019) emphasize that for Indigenous communities, land is a living entity, with human relationships to it rooted in intergenerational knowledge systems. This perspective is particularly resonant in the African context. Dereso (2025) and Moreda (2023a) specifically contextualize this for Ethiopia, arguing that land is considered "ancestral bone," inextricably linked to

cultural identity and social status, where landlessness equates to a loss of personhood. This view is complemented by scholars like Otu (2022) and Berger (2014), who highlight that for smallholders and pastoralists, land's cultural worth is as critical as its economic function for livelihood sustainability. This literature establishes that any land alienation, such as through expropriation, is not merely a property transaction but a profound socio-cultural rupture.

2.3 Land Tenure, Expropriation, and Compensation Debates in Ethiopia

The academic debate on Ethiopian land policy is deeply polarized, reflecting the political history of the state. One camp, the "revisionist" view aligned with the government's position, advocates for state ownership to prevent landlessness and ensure equitable access, as discussed by Abdo (2014, 2023a) and Weldegebriel (2012). They argue that private ownership would lead to mass dispossession of vulnerable farmers. The opposing camp, comprising scholars like Kanji (2005) and often opposition parties, champions land privatization. They contend that state ownership stifles investment, discourages sustainable land use, and inhibits the development of a functional land market, ultimately holding back agricultural productivity.

The work of scholars like Ambaye (2013, 2015) and Dessalegn Dibaba (2020) navigates this divide, analyzing the legal and governance structures of Ethiopia's land system. They point to the persistent threats to tenure security, including expropriation for public purposes and large-scale investments, which create a climate of uncertainty for smallholders, as noted by Mohammed & Inoue (2014). This body of work critically examines the constitutional framework that vests land ownership in the state and the subsequent legal instruments that detail expropriation, highlighting the gap between the principle of "commensurate compensation" and its flawed implementation.

3. Special Economic Zones (SEZs), Land Grabbing, and Livelihood Impacts

The global literature on SEZs identifies land acquisition as a primary site of conflict. Scholars such as Levien (2012) and Bräutigam & Xiaoyang (2011) analyze how SEZs, particularly in developing nations, create pressure on land, leading to conflicts with local populations. Davies (2016) notes that countries newly establishing SEZs, like those in Sub-Saharan Africa, are especially prone to acute land issues. The process is often framed within the broader discourse of "land grabbing," where, as Cotula & Mouan (2021) and Yesuf (2021) argue, large-scale acquisitions result in the displacement of local communities, loss of livelihoods, and environmental degradation. The role of the state is critical here; the government's use of "public purpose" to justify expropriation is a recurring theme, with Chilombo (2021) and others critiquing its ambiguous and often expansive application. In the Ethiopian context,

while proclamations like No. 1322/2024 provide the legal basis for SEZs, the literature specifically addressing their socio-economic impact is still emerging.

However, scholars like Workenh Eshatuu et al. (2021) and Dibaba (2021) have begun to document how the displacement for such zones disrupts the socio-economic fabric of communities, often with inadequate compensation. This study builds on this nascent literature by providing a focused legal analysis of the compensation dynamics within Ethiopia's SEZ strategy, arguing that the current framework is ill-equipped to handle the unique socio-cultural value of the land being acquired.

Therefore, by engaging with these three interconnected strands of literature, this paper positions itself to contribute a critical analysis of how Ethiopia's legal framework for SEZ-driven development navigates the complex interplay between economic ambition, constitutional mandates, and the inviolable socio-cultural rights of its smallholder citizens.

3 Materials and Methods

This paper employs a doctrinal legal research design and a qualitative approach, which is appropriate for understanding how smallholders ascribe meaning to phenomena. This approach is concerned with the interpretation, understanding, experience, and constitution of the social world (Ihugba, 2020). The research utilizes both primary and secondary sources.

Primary sources include national and regional legislation, primarily the FDRE Constitution of 1995, the Federal Rural Land Administration and Use Proclamation No. 1324/2024, the Expropriation of Land Holdings for Public Purposes, Payment of Compensation and Resettlement of Displaced People Proclamation No. 1161/2020, the Federal Special Economic Zone Proclamation No. 1322/2024, the Expropriation and Valuation, Compensation and Resettlement Council of Ministers Regulation No. 472/2020, and other relevant legislation.

Relevant documents providing supplementary information were reviewed as secondary data. These included published and unpublished books, book chapters, journal articles, strategic plans, research papers, and reports from national and international organizations directly or indirectly related to the topic. Finally, the collected data and facts were analyzed thematically and legally in accordance with the study's objectives and central research questions.

4 Results and Discussions

4.1 Land as Foundational Infrastructure for Special Economic Zone Development in Ethiopia: *Interlinked Systems*

Land is a vital resource, a development driver, and a critical asset that must be administered and governed effectively for optimal utilization (Ambaye, 2015). Africa's land governance system, particularly in Sub-Saharan Africa, faces various challenges due to historical, social, political, and cultural diversity (Agunyai & Amusan, 2023). A sound land governance regime must ensure land rights, secure access, promote social and economic development, encourage investment through secure tenure, achieve development objectives, and be non-discriminatory (Krawchenko & Tomaney, 2023).

However, effective land administration and governance are challenging. A major obstacle is the lack of well-articulated policies and regulations, leading to conflicts and land misuse (Beyene, 2017). Corruption and poor enforcement of land laws further impede effective administration, particularly in sub-Saharan countries.

In Ethiopia, land is considered a basic tool for political (Dereso, 2025) and economic development. It holds great potential for an agriculture-based economy, and tapping this potential is crucial. Land remains a vital national asset, a source of income, food, employment, and export earnings (Abdo, 2014). For Ethiopians, land is not merely a means of production but a matter of cultural and social identity; landlessness risks the loss of personal identity and symbolizes the loss of history, culture, and community status (Bekele, 2021). Thus, as a key asset, land policies are fundamental for economic activity, poverty reduction, sustainable management, and household well-being.

As SEZs expand, greater pressure is placed on land and resources. Governments often provide foreign investors with favorable land access, resulting in conflicts with local populations particularly problematic issue in most African countries (Bräutigam & Xiaoyang, 2011). Land acquisition for development activities, especially SEZs, often leads to land loss for smallholders, resulting in livelihood loss, displacement, and resource conflicts (Levien & Upadhyay, 2022). Furthermore, African governments often lack the capacity to regulate the process effectively, leading to further inequity and exploitation. A country creating SEZs and expropriating land (like those in Sub-Saharan Africa) is more likely to face land issues than a country with long-established SEZs (Davies, 2016).

The proliferation of SEZs can lead to significant land issues in conflict-ridden regions (Davies, 2016). Due to their intrinsic connection to infrastructure, SEZs are often located near transportation access and peri-urban areas in densely populated regions, where direct and indirect land effects are acutely felt (Berdina, 2021). Compounding this, local people are often powerless to protect their land rights due to a lack of legal support and resources.

Consequently, introducing more SEZs heightens the risk of exploitation and land grabbing. To implement SEZs and other development programs, land may be confiscated by justifying public purpose, with minimal negotiation between parties of unequal bargaining power (Zhu, et al., 2023). Determining public interest is often challenging, requiring complex, context-specific analysis.

Public interest is the primary tool governments use to justify and facilitate the eviction of smallholders from their land (Chilombo, 2021). Although expropriation is an inherent government power to facilitate development and benefit society, it should not cause immense economic, social, and cultural losses to property holders (Dibaba, 2021). Furthermore, this developmental activity should not create tension between displaced smallholders and SEZ developers.

Land acquisition for SEZs often entails eviction and the permanent loss of land tenure and associated rights, which is especially troubling when taken from smallholders (Toklu & Ertas 2023). Unless SEZs are well-regulated, smallholders may lack access to information, resources, or legal recourse to challenge expropriation. Consequently, land confiscation for SEZs can lead to human rights violations, displacement, and major economic, social, cultural, and environmental consequences.

As land is the fundamental and enduring source of production and life in Ethiopia, development activities have displaced people with insufficient compensation, jeopardizing their lives and exacerbating economic problems, miserable living conditions, and vulnerabilities, often leading to impoverishment (Dabala, 2019).

Unless managed properly, SEZ expansion can also lead to backlashes, including air and water pollution harming the environment and human health, and the destruction of natural habitats and ecosystems affecting biodiversity (Cotula & Mouan, 2021). Therefore, SEZ expansion must comply with human rights and environmental standards, mitigating adverse effects on both.

4.2 The Constitutional Status and Policy Framework of Land in Ethiopia: *Legal and Policy Overview*

Ethiopia's current land laws comprise the FDRE Constitution and other federal and regional legislation. The FDRE Constitution provides general principles, indicating that land ownership is a collective right (Wabelo, 2020c). It effectively excludes land from the private property regime, limiting the bundle of rights. Rights over rural land are usufruct rights, whether accessed through distribution, redistribution, inheritance, or rental systems. Urban land is also state-owned, as the Constitution vests ownership of all land in the state and the people (Sitotaw, et al., 2019).

The Constitution, by establishing a federal system, delineates governmental power over land matters (Ganta, 2022). The Federal Government enacts laws for land utilization and conservation, while regional governments administer land and natural resources per federal laws (FDRE Constitution, 1995, Art. 51(5) & 52(2(d)). Thus, the Constitution establishes guiding principles detailed in federal framework legislation, which regional states are tasked with detailing and implementing.

Unlike many countries, land ownership in Ethiopia is a constitutional issue due to its socioeconomic importance, transcending mere policy (Dibaba, 2021). The government has not developed a separate, full-fledged policy document exclusively addressing land tenure security and social equity (Ambaye, 2013). However, the Constitution explicitly vests the right to ownership of rural and urban land exclusively in the state and people of Ethiopia (FDRE Constitution, 1995, Art. 40(3)). It establishes a broad framework for land policy, enshrining public land ownership and the inalienability of landholdings. Land is not subject to sale or transfer (FDRE Constitution, 1995, Art. 40(4)).

The Constitution authorizes the government to administer land as common property. Accordingly, the government provides land to peasants and urban dwellers per the law (Agegnehu, 2023). A salient feature is that land is government property, and holding rights can be extended to peasants and other groups per land use laws (FDRE Constitution, 1995). Ethiopian peasants have the right to obtain land without payment, and pastoralists can access grazing land free of charge. They are constitutionally guaranteed against eviction and are entitled not to be displaced from their lands. If evicted for development projects like SEZs or infrastructure, they have the right to commensurate compensation

The government is also responsible for protecting private investors' land use rights based on legal arrangements, without contravening the land ownership rights of Ethiopian Nations, Nationalities, and Peoples (FDRE Constitution, 1995). If they are evicted from their holdings and possessions either

by the government or by development projects such as SEZ or infrastructure projects, they have the right to be compensated accordingly. Developers can access rural land via leases. The Constitution forges two modalities for accessing rural land: grants to peasant users and leases to developers (Tareke, 2019).

The Federal Special Economic Zone Proclamation No. 1322/2024, Gada Special Economic Zone Proclamation No. 226/2020, and Gada Special Economic Zone Development Corporation Regulation, No. 228/2022 stipulate how SEZ developers access land. Furthermore, Art. 44 of Investment Proclamation No. 1180/2020 establishes the Federal Government and Regional State Administration Investment Council, and Art. 45(4) empowers this council to decide or recommend land allocation for investment. According to Investment Regulation No. 474/2020, Article 18(5), regional and federal investment organs must support investor requests regarding land acquisition.

4.3 Statutory Principles Governing Compensation of Smallholders Expropriation for Special Economic Zone Development: *The Legal Mandate*

The establishment and expansion of SEZs frequently necessitate displacing local communities, particularly smallholder farmers who rely on land for subsistence agriculture, disrupting their socio-economic fabric (Workenh Eshatuu, Eshetu, & Shemilis, 2021). Despite the strong economic justification for SEZ development, providing commensurate compensation for affected individuals is crucial.

The FDRE Constitution states that the right to ownership of land and natural resources is vested exclusively in the State and peoples of Ethiopia; land is common property and not subject to sale or exchange (Alcorta & Tesfachew, 2020). Private property refers to any tangible or intangible product with value produced by labor, creativity, enterprise, or capital of an individual citizen or juridical associations, or communities empowered by law to own property in common (FDRE Constitution, 1995, Art. 40(2)).

Regarding private property expropriation, the Constitution states that the government may expropriate private property for public purposes, subject to payment in advance of commensurate compensation (FDRE Constitution, 1995, Art. 40(8)). These provisions mandate that any private property expropriation is compensable, regardless of classification. The Constitution further strengthens this under environmental rights, stating that persons displaced or adversely affected by state programs have the right to commensurate monetary or alternative compensation, including relocation with adequate state assistance (FDRE Constitution, 1995, Art. 44(8)).

Proclamation No. 1161/2019, under Article 12(1), stipulates that landholders whose land is expropriated shall be paid compensation for property on the land and permanent improvements (FDRE, Expropriation Proclamation No. 1161/2019, Art.12(1)). Consequently, Ethiopian law does not recognize the loss of land itself as compensable property, unless the relevant Woreda administration can provide substitute land as displacement compensation. Where equivalent substitute land is unavailable, the landholder shall be paid displacement compensation equivalent to fifteen times the highest annual income generated during the last three years preceding expropriation (FDRE, Expropriation Proclamation No. 1161/2019, Art.13(c)).

Thus, while the Constitution establishes land as public property, the current expropriation Proclamation excludes land from compensable interests. Compensation is limited to property generated through labor or capital invested in fixtures on the land, specifically referring to property or improvements attached to the land, excluding the land itself.

The Proclamation also states that land expropriation for public purposes shall be transparent, participatory, fair, and accountable (FDRE, Expropriation Proclamation No. 1161/2019, Art.4). These principles are critical for effective and efficient expropriation processes, ensuring the inclusion of displaced peoples, fair compensation payment, and governmental accountability.

Regulation No. 472/2020, under Section Four (Articles 16-22), exhaustively lists compensable properties on the land and permanent improvements. These include buildings, fences, relocatable property, crops, perennial crops, fruitless plants, and protected grass (FDRE, Expropriation Proclamation No. 1161/2019, *See Art. 16,17,18,19,20, 21, and 22).*

Ethiopian expropriation law requires several types of compensation for expropriated community members. The first recognized compensable interest is displacement compensation (FDRE, Expropriation Proclamation No. 1161/2019, Art.13(1)). This applies only to rural landholders, who are entitled either to substitute land or monetary compensation for loss incurred. Permanently displaced rural landholders are entitled to equivalent substitute land if available; if substitution is impossible, compensation is equivalent to fifteen times the highest annual income from the preceding three years.

The law gives the Woreda administrator ultimate power to decide on land substitution. If no substitute land is available, the displaced person receives monetary compensation. Thus, substitute land is conditional on availability; otherwise, displaced persons must accept monetary compensation.

Regarding crop compensation, Regulation No. 472/2020 states that owners have the right to harvest crops at the allotted time if the release time coincides with maturity (Council of Ministers Regulation No. 472/2020, Art. 19(1)). If the site is urgently needed and there is insufficient time to harvest, the annual yield of comparable crops in the area will be assessed at current local market prices (Council of Ministers Regulation No. 472/2020, Art. 19(2)). If a crop is produced more than once yearly, the compensation will equal the sum of all productions during that year (Council of Ministers Regulation No. 472/2020, Art. 19(6)). Compensation for crop surplus is determined based on current market prices "(Council of Ministers Regulation No. 472/2020, Art. 19(5)) ensuring farmers receive fair payment reflecting true market value.

The Regulation states that owners may collect ripe perennial crops within a specified time after expropriation; if not collected within that time, they will be compensated (Council of Ministers Regulation No. 472/2020, Art. 20(1) & (2)). If land is urgently needed and owners lack adequate time to collect production, compensation is calculated based on the average yield of similar perennial crops in the area. The cost of perennial crops is calculated based on local market prices and growing costs.

Owners of fruitless trees on expropriated land shall be compensated; the amount is determined by the tree's growth degree and value per cubic meter based on current local price (Council of Ministers Regulation No. 472/2020, Art. 21). If grass on expropriated land is ready for harvest, the owner can harvest it within a prescribed time, and compensation for cutting and delivery is paid if collected within that time (Council of Ministers Regulation No. 472/2020, Art. 22). If land is urgently required and the owner lacks adequate time to harvest, compensation is paid based on current market value.

Compensation for the discontinuance of social ties and moral damages is an intangible compensable interest under existing expropriation laws. This payment is for the breakup of social ties and moral damage suffered. However, this provision applies exclusively to expropriated urban landholders, failing to recognize rural landholders who also suffer from the interruption of social bonds and moral damage (FDRE, Expropriation Proclamation No. 1161/2019).

Currently, Ethiopia is rapidly expanding SEZs in urban, peri-urban, and rural areas. Any landholder facing discontinuance due to expropriation needs assessment and compensation. Rural landowners suffer moral and psychological damage from losing land essential for livelihood, ancestry, culture, history, and identity. The loss of such land causes significant moral and psychological harm. The spirit of this provision negatively affects the rights of those expropriated in peri-urban and rural areas.

Conversely, the Proclamation includes communal land as a compensable interest (FDRE, Expropriation Proclamation No. 1161/2019).

Proclamation No. 1161/2019 provides mechanisms for establishing compensation valuation committees. The first option is that certified private institutions or individual consultant evaluators shall value property based on nationally approved methods (FDRE, Expropriation Proclamation No. 1161/2019, Art 17(1)). If no such private entities exist, property shall be valued by autonomous government organizations established for that purpose (FDRE, Expropriation Proclamation No. 1161/2019, Art. 17(2)). If neither private nor autonomous government valuators exist, a valuation committee established by the relevant Woreda administration, comprising proper professionals, shall conduct the valuation (FDRE, Expropriation Proclamation No. 1161/2019, Art.17(3)).

Similarly, Regulation 472/2020 states that where no licensed property evaluators or government valuation bodies exist, the respective Woreda administration shall establish a property valuation committee. This implies that Woreda administrations are the recognized organs for establishing such committees.

It would be preferable for all bodies implementing expropriation to follow the principles in the 1995 FDRE Constitution and Article 4(4) of Proclamation No.1161/2019, which mandates that expropriation procedures be transparent, participatory, fair, and accountable. Adhering to these principles ensures that affected individuals' rights are respected and the process is conducted ethically, fostering trust and minimizing community conflict.

5 Conclusion

This study has demonstrated that the development of Special Economic Zones in Ethiopia, while driven by legitimate economic ambitions, poses a significant threat to the rights and livelihoods of smallholder farmers. The analysis of the legal framework reveals a critical dissonance: although the FDRE Constitution guarantees advance, commensurate compensation for expropriation, the implementing proclamations and their practical application systematically fall short. By denying compensation for the land itself an asset of immeasurable cultural, social, and identity value and offering displacement compensation that is often inadequate or contingent on the arbitrary availability of substitute land, the current system fails to protect those most vulnerable to development-induced displacement.

Globally, development initiatives can create economic opportunities for Indigenous communities but may also cause land dispossession and cultural erosion. As Ethiopia positions itself as a competitive global player, understanding land access mechanisms is a foundational pillar for successful SEZ projects. To promote economic transformation, the Ethiopian government has established several Special Economic Zones strategically located for industrial growth, designed to foster a conducive environment for domestic and foreign enterprises, boost economic activity, generate employment, and increase productivity.

In Ethiopia, all natural resources, particularly land, are state-owned, and individuals possess only use rights over their holdings. The land acquisition process for SEZs involves expropriating smallholders from their holdings, often without commensurate compensation. The constitutionally enshrined principle requires that any expropriation for public purpose be preceded by commensurate compensation payment before the smallholder is required to hand over possession.

Accordingly, this paper concludes and suggests that the development process should not harm smallholders whose livelihoods and cultures depend on the land. Expropriated holders should be entitled to advance commensurate compensation for property attached to their land and should participate in related decision-making processes. This approach is recommendable, as involving traditionally living smallholders can foster cooperation, mutual benefits, and community resilience in the face of environmental change, contributing to social and ecological stability. By centering their epistemologies and respecting land as a relational entity, development can evolve from a disruptive process into one of mutual care and continuity. This realization underscores that the future of sustainable development depends not merely on technological innovation but on an ethical reorientation guided by those who have long practiced sustainable coexistence with nature.

Furthermore, development project implementation cannot occur in isolation from smallholders' human rights. It must be executed in a manner compatible with the rights of those who may be expropriated. The principles in the FDRE Constitution, current expropriation proclamations and regulations, and international legal frameworks must be followed by executing authorities during expropriations for development projects. Adhering to these principles ensures that the rights of expropriated smallholders are safeguarded, promoting fairness and accountability in the process.

Therefore, the paper strongly advocates for a fundamental reorientation of the expropriation paradigm. Moving forward, the implementation of SEZs and other development projects must be rigorously aligned with constitutional principles and international human rights standards. This

requires more than just technical adherence to law; it demands an ethical commitment to an inclusive and participatory process. Genuine involvement of smallholders in decision-making, recognition of the non-economic value of their land, and the adoption of compensation mechanisms that truly restore livelihoods are not merely procedural steps but moral imperatives. Ultimately, Ethiopia's sustainable development future hinges not on the scale of its infrastructure, but on its commitment to justice, equity, and the dignity of its people.

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