

Is Land Titling Feasible in Tanzania's Low-Income Urban Areas?



In brief

- While many policymakers in sub-Saharan Africa are concerned with getting formal property rights into the hands of the poor, little is known about how to do so in a cost-effective, equitable manner. This research project uses a randomized experiment to systematically lower the barriers to obtaining land titles in Dar es Salaam, Tanzania and study how households respond when faced with different prices.

Key findings:

- **Overall, the extensive hurdles to obtaining an urban land title in Tanzania are impeding the progress of tenure formalization**
To obtain a land title, the average resident in Dar es Salaam faces over eleven different steps, five different application forms, two levels of government and potentially hundreds of dollars of their own money.
- **Programmes which bypass institutional and financial constraints can induce urban residents to obtain formal property rights for their land, although substantial subsidies may be required**
We find that over 60% of residents living in areas covered by our programme decide to purchase a land title, compared to 1% prior to the intervention. However, take up rates drop off sharply for those households not receiving a large subsidy.
- **Only a small nudge is necessary to make land titling schemes more gender inclusive, yet more research is needed to determine whether or not joint-titling will have significant impacts in the long run**
Our evidence shows that very small subsidies can induce households to include women as formal land owners when they apply for a land title and that households are not deterred from purchasing by these extra requirements.

Policy Motivation

Land titling programs are becoming increasingly popular in the developing world as governments are keen to curb the growth of informal slums, but also to generate the commonly-cited benefits of property rights: increased tenure security, access to credit and more efficient land markets.

“This research project shows that small subsidies can be remarkably effective in getting women included as owners, all without deterring households from obtaining a title in the first place.”

As land titling schemes can be expensive, the Government of Tanzania has taken cost-recovery as a default position, motivating the need to better understand what is currently suppressing the demand for titles in urban areas, where only a small percentage of households have decided to purchase them. This project reduces the barriers to obtaining a title to study the effects on demand in the short term and eventually the overall impact formal land tenure has on participating households.

Furthermore, there is concern that by giving male owners an opportunity to register land only in their own name, land titling might actually reinforce gender inequality in land ownership. With previous titling programs showing mixed success in inducing households to jointly-title land, this research project shows that small subsidies can be remarkably effective in getting women included as owners, all without deterring households from obtaining a title in the first place.

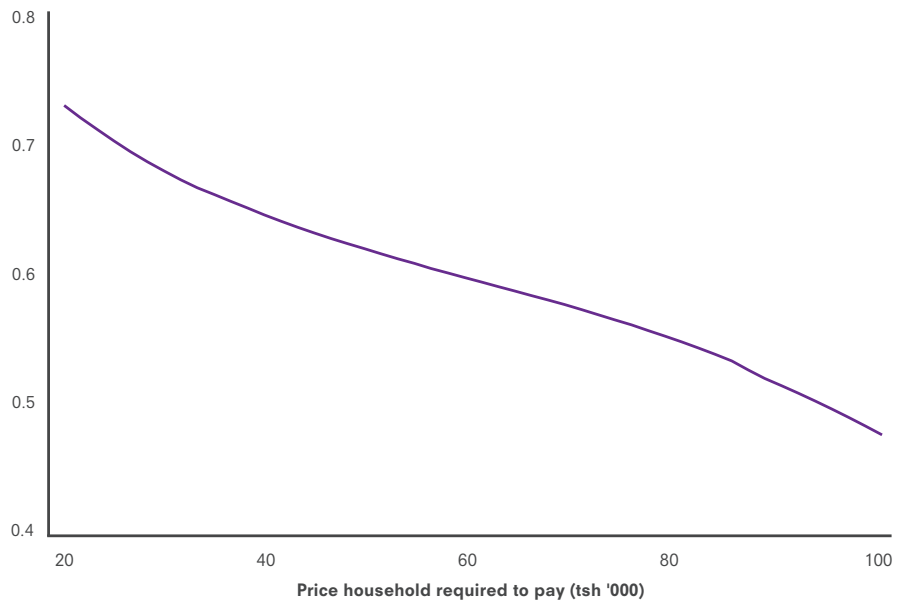
Brief Summary of Research

In this IGC-funded project, we collaborated with a Tanzanian NGO to systematically reduce the barriers to obtaining a land title for residents of two unplanned settlements by pre-financing a cadastral survey and letting residents repay in instalments if they decided to participate in the programme. In addition to this, through a public lottery we provided residents with additional voucher-based subsidies towards the purchase of a title. While some of these vouchers could be used without condition, others could only be applied if a woman from the same household was registered as one of the title-holders. This has allowed us to look at how participation rates vary across households who received different levels of subsidy, both conditional and unconditional.

“Through a public lottery we provided residents with additional voucher-based subsidies towards the purchase of a title”

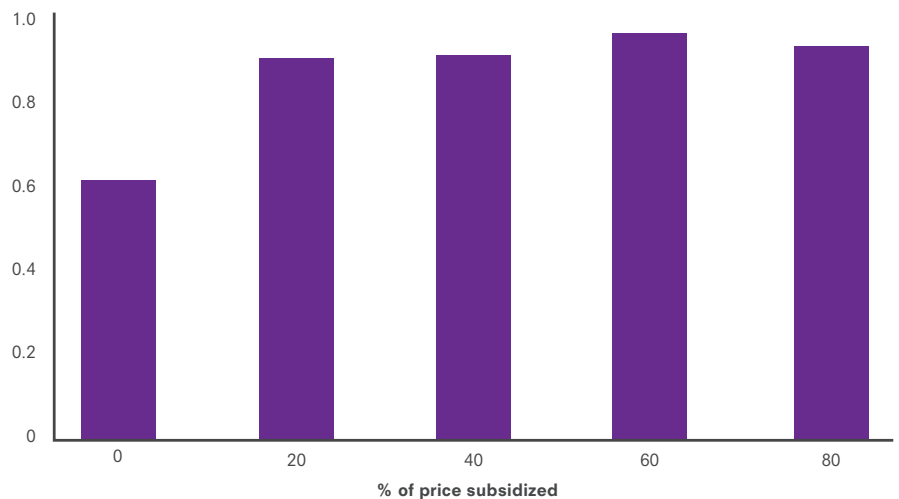
Residents in both settlements are being tracked over time, through an extensive baseline survey in the summer of 2010 and intermediate collection of data on each household’s participation, repayment, and land title application information. While we intend to organize a follow-up survey in 2013 to measure the overall impacts of obtaining a title, the focus of the current research is on the household’s decision to purchase a title and include a woman as an owner.

Figure 1: Demand for Land Titles at Different Price Levels



“To obtain a land title, the average resident in Dar es Salaam faces over eleven different steps, five different application forms, two levels of government and potentially hundreds of dollars of their own money”

Figure 2: Conditional Subsidy Levels and Female Inclusion



Implications

Overall, the extensive hurdles to obtaining an urban land title in Tanzania are impeding the progress of tenure formalization

To obtain a land title, the average resident in Dar es Salaam faces over eleven different steps, five different application forms, two levels of government and potentially hundreds of dollars of their own money. Even in collaboration with both an NGO specializing in land titling and with the local Municipal government, this project met several large hurdles in providing people with land titles. If institutions like Tanzania’s Ministry of Lands wishes to expand the coverage of the formal system, there is much work to be done on streamlining the process of obtaining a title.

Programmes which bypass institutional and financial constraints can induce urban residents to obtain formal property rights for their land, although substantial subsidies may be required

“We find that over 60% of residents living in areas covered by our programme decide to purchase a land title, compared to 1% prior to the intervention”

We find that over 60% of residents living in areas covered by our programme decide to purchase a land title, compared to 1% prior to the intervention. However, take up rates drop off sharply for those households not receiving a large subsidy. Using random price variation in titles introduced by our project, we find that providing subsidies can bring base levels of demand up from under 50% of households to over 70% of households purchasing. While this is promising, it still suggests that universal coverage using a demand-driven approach may be infeasible without even greater levels of subsidy.

Only a small nudge is necessary to make land titling schemes more gender inclusive, yet more research is needed to determine whether or not joint-titling will have significant impacts in the long run

Our evidence shows that very small subsidies can induce households to include women as formal land owners when they apply for a land title and that households are not deterred from purchasing by these extra requirements. While these results are encouraging, it is possible that the intervention is successful because households do not believe that joint-titling will have substantial impacts on gender equality down the road. Since the project has managed to randomly induce some households to joint-title, we will be able to study these impacts after the follow-up survey.

Implementation

- Consider non-financial barriers to take-up when promoting demand-driven land tenure schemes, with the ultimate aim of reducing their negative impact.
- Carry out more research on the determinants of demand for land titling, unpacking the various characteristics of land titles that residents are willing to pay more for.
- Whenever researching titling programmes, collect data on joint-titling decisions to determine coverage within the household.

Further Readings

The price of empowerment: Land titling and female inclusion in urban Tanzania, Daniel Ayelew, Matthew Collin, Klaus Deininger, Stefan Dercon, Justin Sandefur, Andrew Zeitlin

The practical and institutional hurdles to obtaining land titles in urban Tanzania, Matthew Collin, Hunter Nielson, Justin Sandefur, Andrew Zeitlin

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