

# Developing solutions for sustainable financing of land registration and land administration

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16<sup>th</sup> May 2024

# Developing solutions for sustainable financing of land registration and land administration

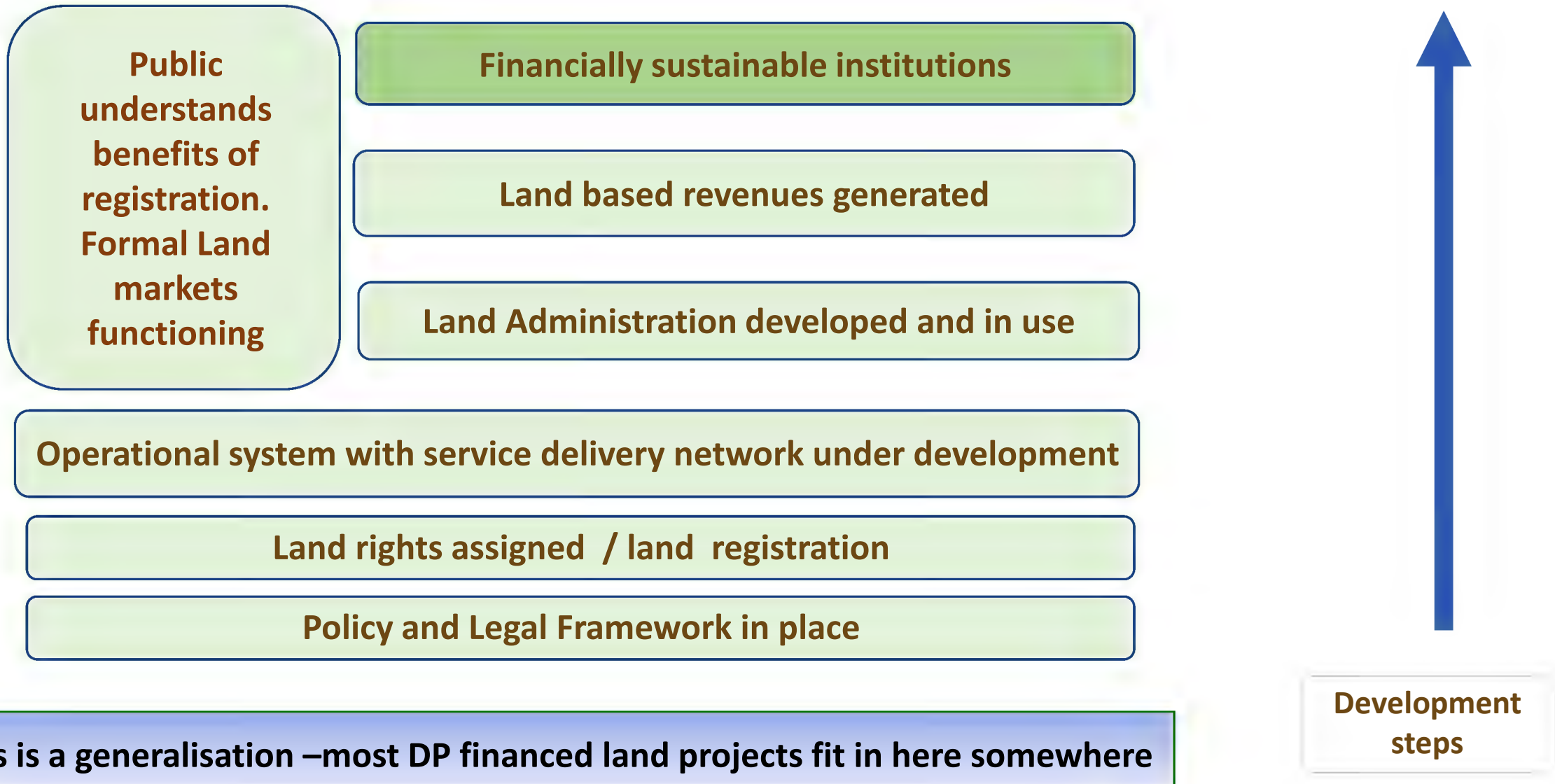
**This presentation draws on a study on sustainable financing carried out for the GIZ Global Land Programme**

## Contents

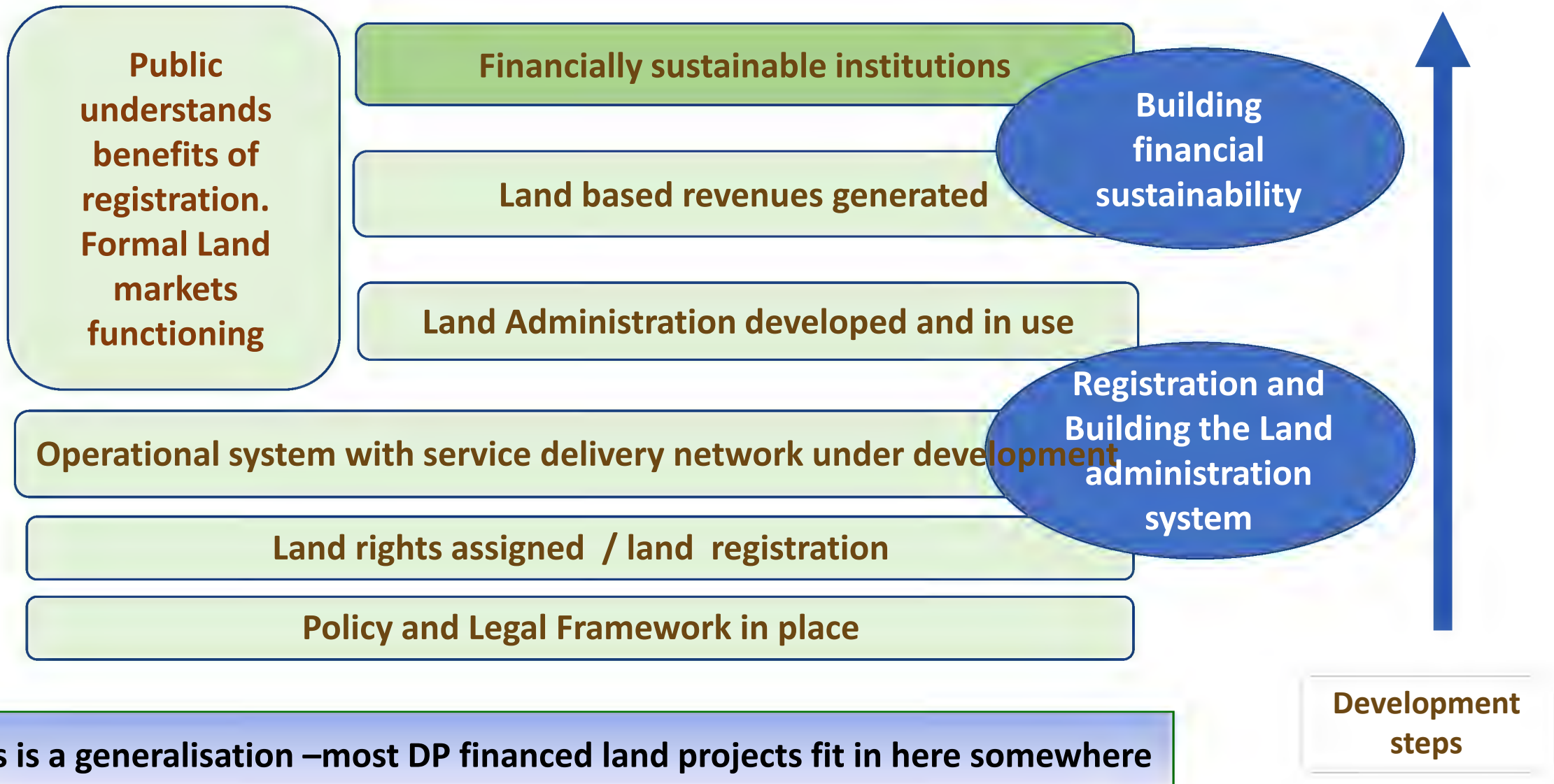
1. Introduction
2. Background – brief review of financing experiences, including costings and revenues
3. Developing a Theory of Change to address sustainable financing
4. Introduce the Country and Thematic Presentations – *largely drawing on experiences from Africa*

**Key Question:- By focusing on sustainable financing of land registration and land administration can we overcome one of the critical barriers to increasing land tenure security coverage?**

# 1. Introduction – conventional approach ?



# 1. Introduction – conventional approach ?





## 2. Background - Costings - Registration

Programme	Cost per registered parcel (from the literature)
Rwanda LTRSP (2009-2013)	\$7.50
Ethiopia LIFT (2014 -2020)	\$5.00
Tanzania LTSP (2014-2019)	\$10.00
Madagascar CASEF 2016+	\$10-12.00
Tanzania LTA (2016-2020)	\$8.00
Nigeria (GEMS)	£8.00
Lesotho (MCC)	\$50-60.00

**Low cost field data capture for mass registration is now a reality (FFP) but no standard way to compare costs as include different factors**

## 2. Background - Costings – Land Administration

### Setting up the land administration system infrastructure

- **Development.** *Expensive (\$2-\$10 million+), Wide variation in scope and functionality, Development & testing time 1-3 years plus. Costs usually exceed original estimates*
- **Deployment and making operational.** *Costs dependent on configurations, organisational structure. Can exceed development costs x5-x10*

### Costs of operational land administration-

- **Standard approach for comparison, benchmarking.** *At the moment, we do not have a standard way to measure and report this across land agencies*
- **Tools available for estimating costs** (eg See also Burns and Fairlie (2018) CoFLAS.
- **Official Budget Sources.** *Can Work from Existing financial reports and accounts Typically most agencies do not link budgets, outputs, revenues at business unit level*

**Need to analyse operational costs – work from government accounts: need to develop metrics that can be compared across agencies**

## 2. Background - Revenues

Need to classify the revenue sources. This data is often not widely published. Need to analyse annual accounts. May involve more than one Ministry

Revenue source	Example
Tax revenues	Annual land or property tax Capital gains or betterment taxes Land value increment tax Transfer taxes or duties Other ( to be specified)
Non tax revenue	Sales of public land Sales of development rights Lease payment and land rent
Own source revenues	Fee income for services Income from information services Other services (e.g. valuation, CORS)

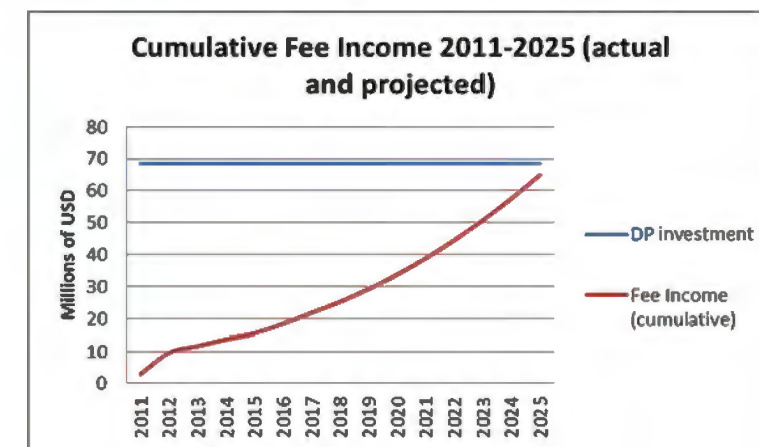
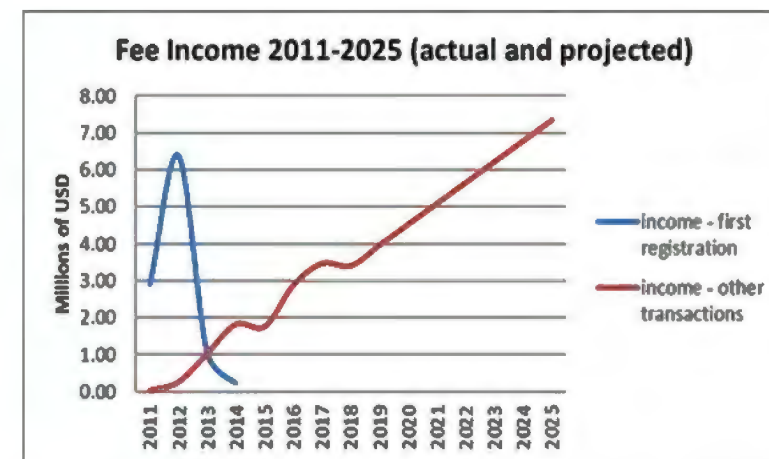
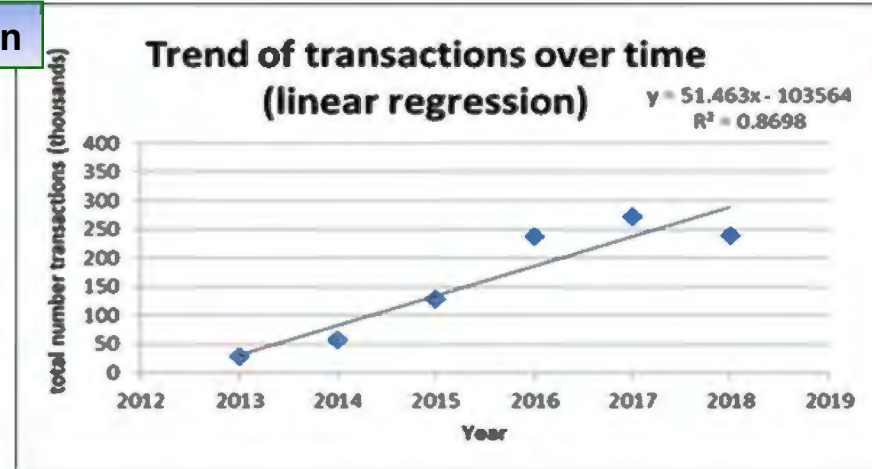
Table Three: land related revenue sources

- In many jurisdictions the land related revenues depend on information from the cadastre or other land administration records
- Assessment is often outdated and collection rates are low (one recent analysis suggest only 30% collection rate for tax purposes)

**In many jurisdictions the land related revenue collection rates can be increased – need to look at revenue collection**

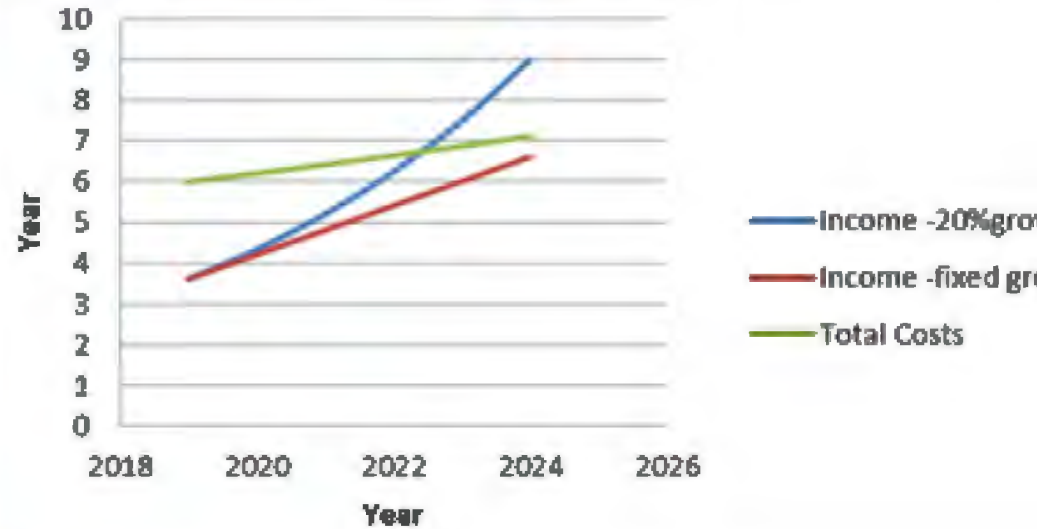
# Bringing it together - Rwanda Example: Fee Income and cost recovery

	2011	2012	2013	2014	2015	2016	2017	2018	TOTALS
<b>Product Grouping</b>	<b>By Volume</b>								
	<b>Totals</b>								
1 First Registration	1,430,438	5,597,046	924,317	196,177	32,361	72,395	71,058	43,471	8,367,263
2 Transfer of whole	67	3,789	11,429	31,915	41,614	68,321	86,489	71,223	314,847
3 Add to ownership entry	14	562	8,758	6,478	6,054	9,274	13,207	10,472	54,819
4 decision on entry	2,643	1,699	526	958	919	4,503	3,619	2,399	17,266
5 Correction of entry	0	60	6	73	68	107	61	97	472
6 Replacement documents	3	22	578	1,200	1,623	4,100	3,833	3,893	15,252
7 Change of Parcel Geometry	871	19,721	101,809	120,375	33,147	63,134	69,587	83,299	491,943
8 Caveat /other	6	31	2,052	8,488	12,210	14,226	23,257	23,288	83,558
9 Mortgage									0
	<b>1,434,042</b>	<b>5,622,930</b>	<b>1,049,475</b>	<b>366,664</b>	<b>127,996</b>	<b>236,060</b>	<b>271,111</b>	<b>238,141</b>	<b>9,345,419</b>
<b>Product Grouping</b>									
1 First Registration	99.75%	99.54%	88.07%	53.65%	25.28%	30.67%	26.21%	18.25%	
2 Transfer of whole	0.00%	0.07%	1.09%	8.73%	32.51%	28.94%	31.90%	29.91%	
3 Add to ownership entry	0.00%	0.01%	0.83%	1.77%	4.73%	3.93%	4.87%	4.40%	
4 decision on entry	0.18%	0.03%	0.05%	0.26%	0.72%	1.91%	1.33%	1.01%	
5 Correction of entry	0.00%	0.00%	0.00%	0.02%	0.05%	0.05%	0.02%	0.04%	
6 Replacement documents	0.00%	0.00%	0.06%	0.33%	1.27%	1.74%	1.41%	1.63%	
7 Change of Parcel Geometry	0.06%	0.35%	9.70%	32.92%	25.90%	26.74%	25.67%	34.98%	
8 Caveta /other	0.00%	0.00%	0.20%	2.32%	9.54%	6.03%	8.58%	9.78%	
9 Mortgage									
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	





# Rwandan Example: Shows Cost recovery increasing over time



SCENARIO 2: annual fixed growth of 600,000 usd  
USE 2018 as

RWANDA LAND MANAGEMENT AND USE AUTHORITY		2016/7	2017/8	2018/9
INCOME STATEMENT		RwFr	RwFr	RwFr
Estimated land sector revenue		2,551,780,000	3,071,437,000	3,012,124,000
RLMUA expenses				
	comp of employees	172,117,564	763,776,658	832,806,207
	22 use of goods and services	1,282,008,875	2,029,047,115	1,188,798,421
	23 acq fixed assets	651,081,568	41,796,133	74,189,789
	28 other exp			7,043,148
	<b>TOTAL RLMUA EXPENSES</b>	<b>2,105,208,007</b>	<b>2,834,619,906</b>	<b>2,102,837,565</b>
District Expenses		1,404,000,000	1,404,000,000	1,404,000,000
SLM		2,296,320,000	2,296,320,000	2,296,320,000
	<b>TOTAL CONSOLIDATED EXPENSES</b>	<b>5,805,528,007</b>	<b>6,534,939,906</b>	<b>5,803,157,565</b>
	Surplus/(deficit)	-3,253,748,007	-3,463,502,906	-2,791,033,565
Indicators	cost recovery rate	44%	47%	52%
	increase in revenues		20.4%	-1.9%

Can try to model the cost recovery over time: measuring financial sustainability - - income statement approach

## 4. Developing a Theory of Change

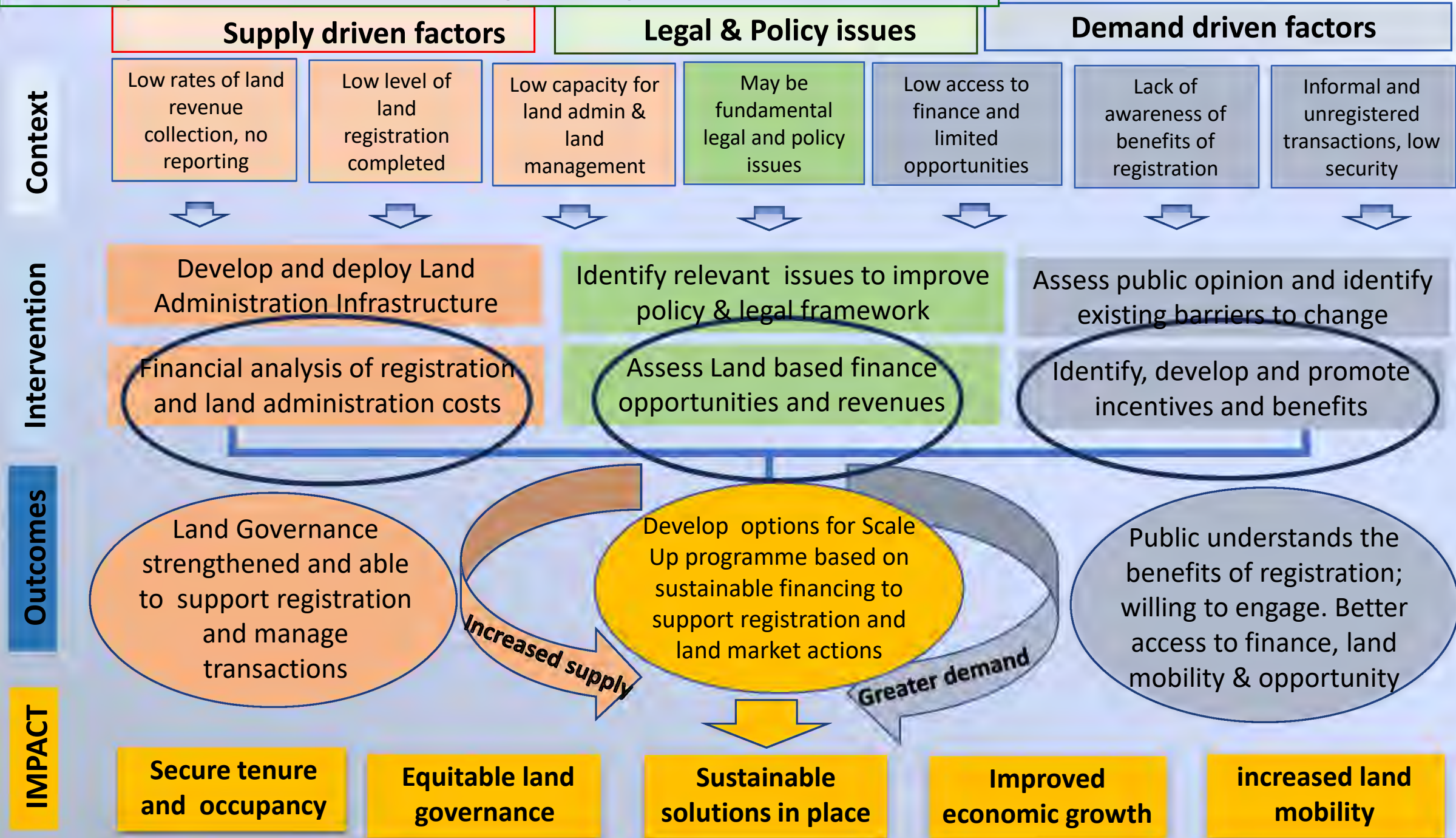
Need to develop Theory of Change which brings together

- **The supply side** – building the land administration infrastructure and carrying out registration
- **The demand side** – understanding what people want and how to obtain benefits and incentivise them,
- **Political and legal issues** – including public revenue systems and fiscal basis
- **Understanding of registration and land administration costs and revenues**

**Theory of Change allows us to conceptualise our thinking**

**Theory of Change allows us to conceptualise our thinking**

# Developing solutions for sustainable financing of land registration and land administration





# Introduce the country and thematic presentations

**Customary Land  
registration**

- **Self-financing models for customary land: the case of customary land registration in Uganda** (Samuel Eriaku, GIZ Uganda)

**Village Land  
registration**

- **Tanzania – Self-financing model experience – Village Land Registration** (Mustapha Issa, Malaki Msigwa, Mutalemwa Rutizibwa, LTA NGO)

**Rural incentives**

- **Ethiopia--Developing Rural Land Registration Incentives and Benefits Mechanisms and Improving Urban Cadastre in Ethiopia** (Rahel Hailu, GIZ)

**Urban land**

**Forest Lands**

- **Recognising improved land tenure security as a co-benefit in forest carbon projects** (Malcolm Childress, Global land Alliance; Kate Fairlie, Land Equity International; Rory Read, Global Forest Futures)

**Looking at possibilities in the rural, urban and forest domains - we have different potential models**

## 4. Developing theory of change: Key findings from best practice review

1. There must be a clear legal and policy framework in place embracing all required tenure forms
2. There must be efficient, established procedures for systematic registration agreed
3. The registration process must produce digital data that can be entered into an existing digital land IT system ( or one being established).
4. There is clear public acceptance and buy in, clear incentives and benefits can be accessed
5. There is a commitment to increase land-based revenues at government level

# 1. Introduction

## ***Some Initial general observations – status – land registration and land administration***

- Lots of policy level guidelines (UN ECE, VGGT, AU LPF)- do have high level political influence but the challenge is to implement in practice
- Lots of experience in building land administration systems globally but few complete national systems in place and operational in Africa
- Many “pilot” land registration programmes – often relatively short duration (1-3 years), often seem to be initiatives in parallel, but they do “sow the seeds”, are they scalable?
- Good recent African experience of mass land registration programmes
- New FFP approach very promising especially image based methods
- Most initiatives include significant donor funding

**Lots of focus on guidelines at policy level and have more effective registration processes**

**Thank you,**

# Land Registration Incentive and Benefit Mechanisms & Improving Urban Cadastre: Experience from Ethiopia

Rahel Hailu  
GIZ-Ethiopia

16 May 2024

# Objective

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- ❑ The incentive and benefits of the rural land registration programme.
- ❑ Improve cadastre and enhance land-based revenues in the urban sector.



# 1. Background

## 1.1 Land Administration in Ethiopia

- ❖ The ownership right of land is vested in the state and the nation, nationalities and peoples of Ethiopia.
- ❖ Land cannot be owned privately; however, the land use right is permitted and the full right to immovable property and permanent improvements made on is recognized.
- ❖ Land shall not be subject to sale or other means of exchange.
- ❖ Ethiopia has a separate land tenure systems for urban and rural land.
- ❖ The federal government is responsible for enacting policies and laws related to the use of land and other natural resources.
- ❖ Regional states are authorized to administer land and other natural resources in accordance with the federal laws.



## 1.2 Land Registration Programme

### Rural land registration

- ❖ Second Level Land Certification (SLLC) is a parcel-based rural land systematic adjudication and registration, to certify individual landholding parcels.
- ❖ Fit-for-purpose orthophoto based methodology employed.
- ❖ National Rural Land Administration Information System (NRLAIS) is a decentralised system deployed at the district level.

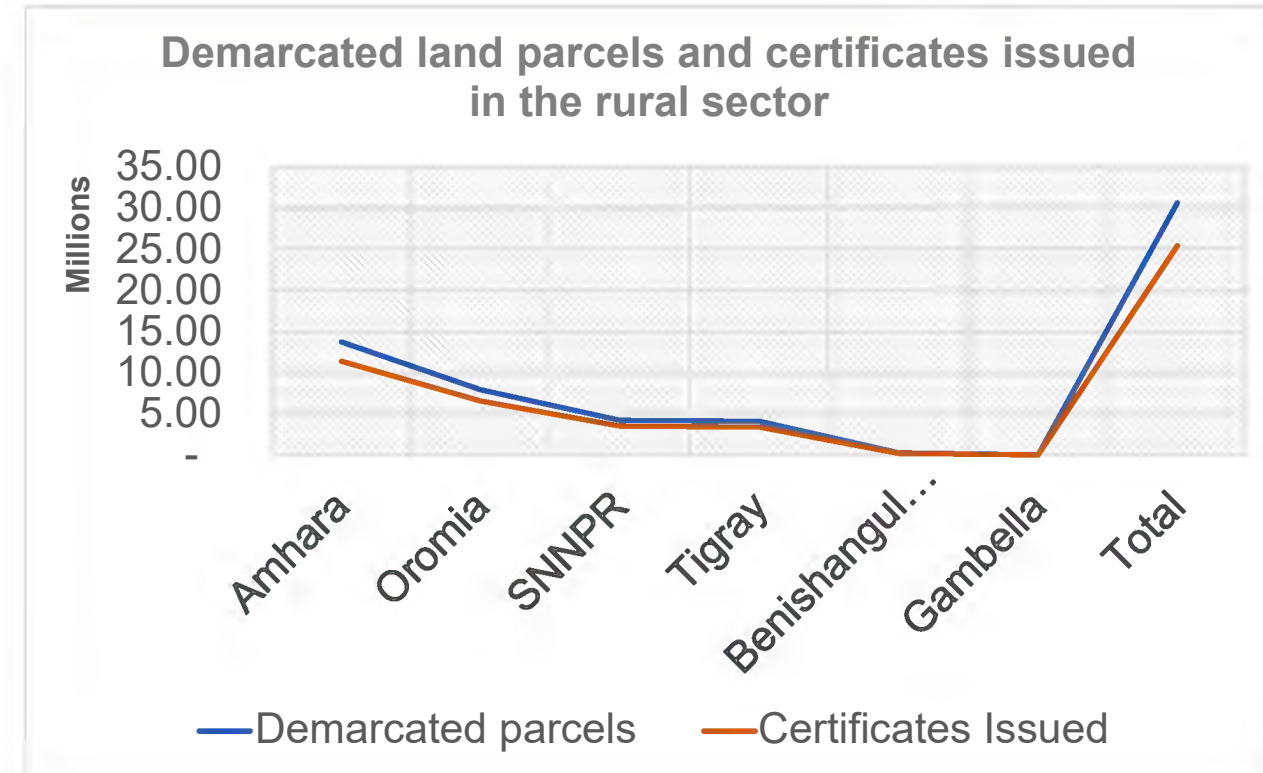


### Urban land registration

- ❖ Systematic adjudication and registration process aims to certify rights and establish a legal cadastre.
- ❖ 20% of the urban parcels that exist in the country are registered.

## 2. Incentives for engagement

- ❖ Effective sensitisation and engagement with vulnerable and disadvantaged people.
- ❖ The SLLC process is free of charge to the landholder.
- ❖ Effective gender strategy and high participation of women in the SLLC process.



# 3. Benefits of the programme



## 3.1. Access to credit



42 Million USD disbursed to SLLC linked loan



53,000 beneficiaries

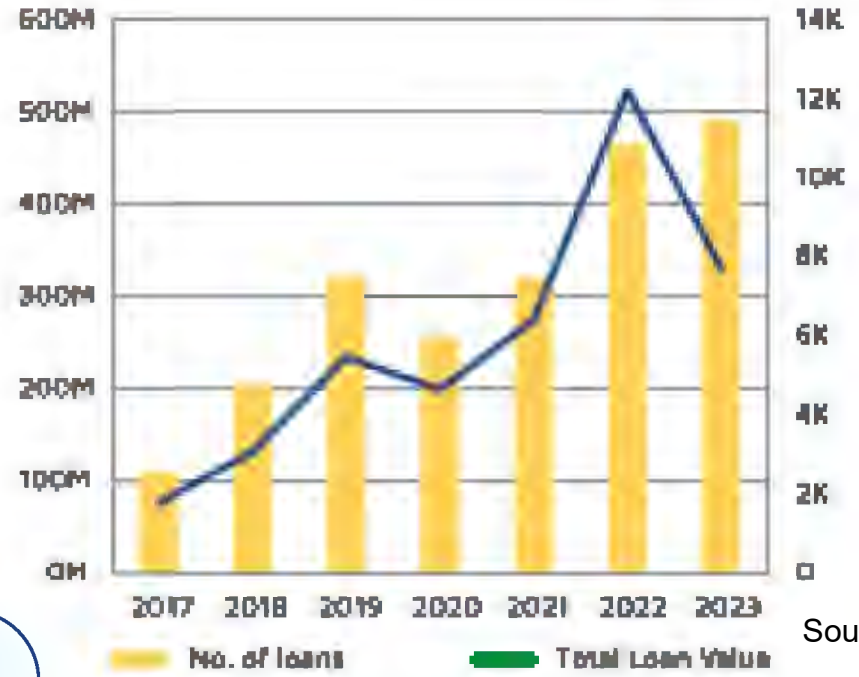
65% Male

35% Female

### Results:

- ✓ **86%** of borrowers that increased investment as a result of the loan.
- ✓ Amount invested in input increased by **26%** led to **33% average yield increase.**

SLLC Linked loan growth trajectory



Source: MoA

15 Financial institutions disbursing SLLC-linked loan.

300 Micro-Finance Institution branches are engaged.

Source: MoA

## 3.2 Women's access to land

- ❖ 25 million certificates were distributed,
- ❖ 73% of the certificates were held jointly by males and females,
- ❖ 19% by females
- ❖ Tenure security and disputes resolved

### Results

- ✓ **42%** of women become active in household financial decisions.
- ✓ **33%** of women who reported being satisfied with the loan product



Source: LIFT Cross sectional survey



## 3.3 Land rental market

- 225 kebeles in 42 woredas are actively implementing LRSP service
- 314 LRSPs are trained and deployed
- 12% increase in the number of agreements done with people outside their kebele.
- Increased rental incomes for landholders by 30% due to an increase in bargaining power
- 30% of rental clients are now renting for the first time.

### Results

- ✓ An average of **41% productivity increase**, due to the land tenant higher capital and labor resources compared to landholder.

Land rental transaction comparison with and without service provider



Source: MoA

## 3.4 Accessible and affordable land administration services

- ❖ “**Mobile Back Office Centre (MBOC)**” which is set up in remote areas to process and complete transaction applications.

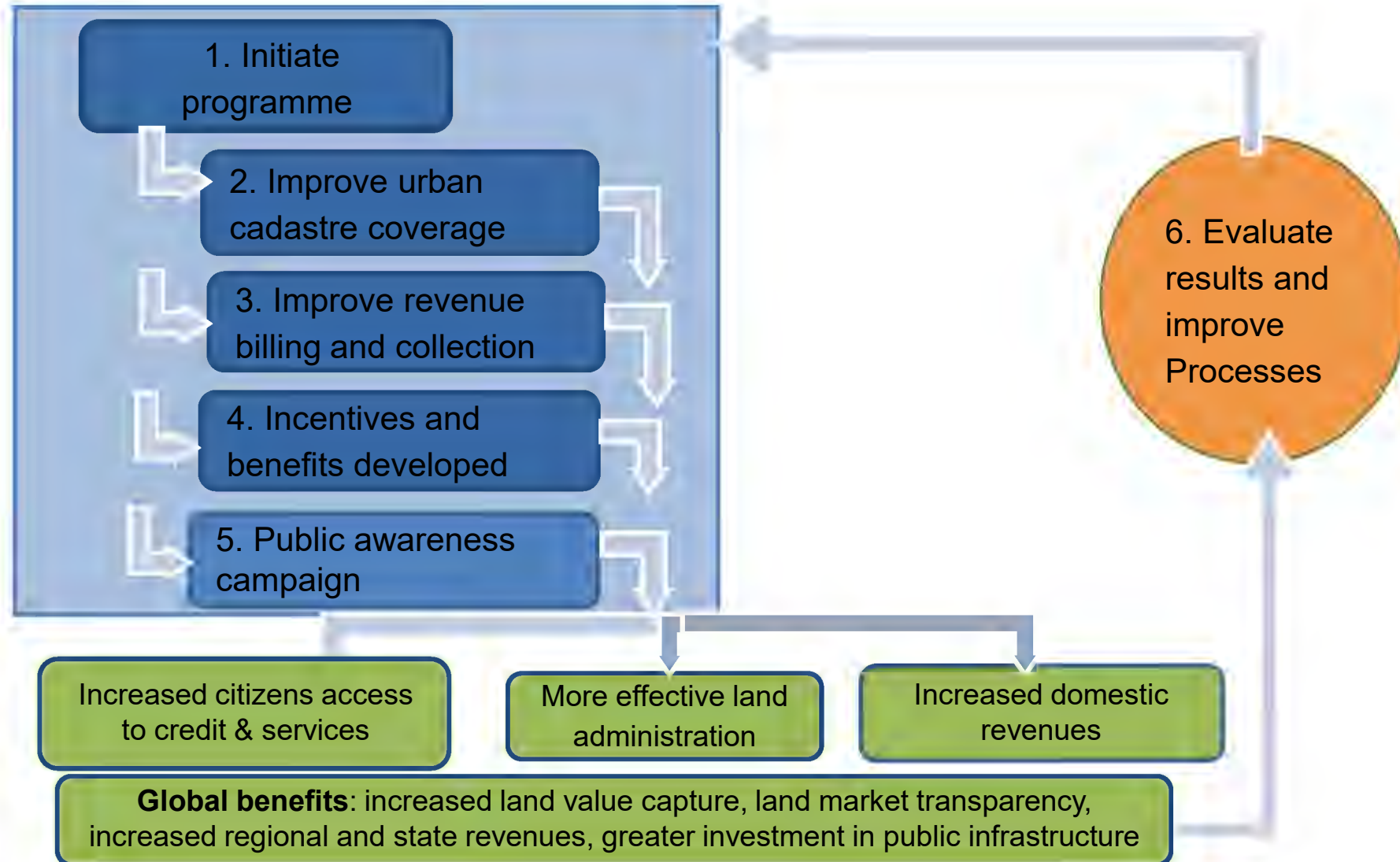
### Results

- ✓ Improves the **accessibility of services.**
- ✓ Enhances the landholders' awareness on the **importance of formal land transactions.**



Source: MoA

# 4. Revenue Enhancement and Cadaster Improvement /RECI/ Programme





## 5. Findings and recommendations

- ✓ Develop an integrated land policy for urban and rural land.
- ✓ Need clear assessment of actual land-based revenues within urban and rural domains and an analysis of the revenue base coverage.
- ✓ Produce clear guidelines for subsequent rural land transactions fee.
- ✓ Consider partial self-financing of the SLLC process.
- ✓ Access to finance and rental market support.
- ✓ Introduce digital field data capture systems to speed up the SLLC process.
- ✓ Test an integrated revenue-based project with cadastre reconstruction in urban sector.

## 5. Findings and recommendations ...

- ✓ Facilitate provision of open and transparent land market data and raise professional standards of brokers
- ✓ Improve land-based revenues through better coverage and completeness of land information data for sustainable financing of land administration.
- ✓ Monitor the progress of the project and actively report any changes in revenue generation or progress towards sustainable finance.

Thank you for your attention!

# **Tanzania – Self-financing model experience – Village Land Registration**

Mustapha Issa – Chief Executive Officer  
Tanzania Land Tenure Assistance

16<sup>th</sup> May 2024

# BACKGROUND



- No of villages 12,318
- 85% survey
- 29% VLUP
- 3% mapped, registered and CCROs issued

## Tanzania

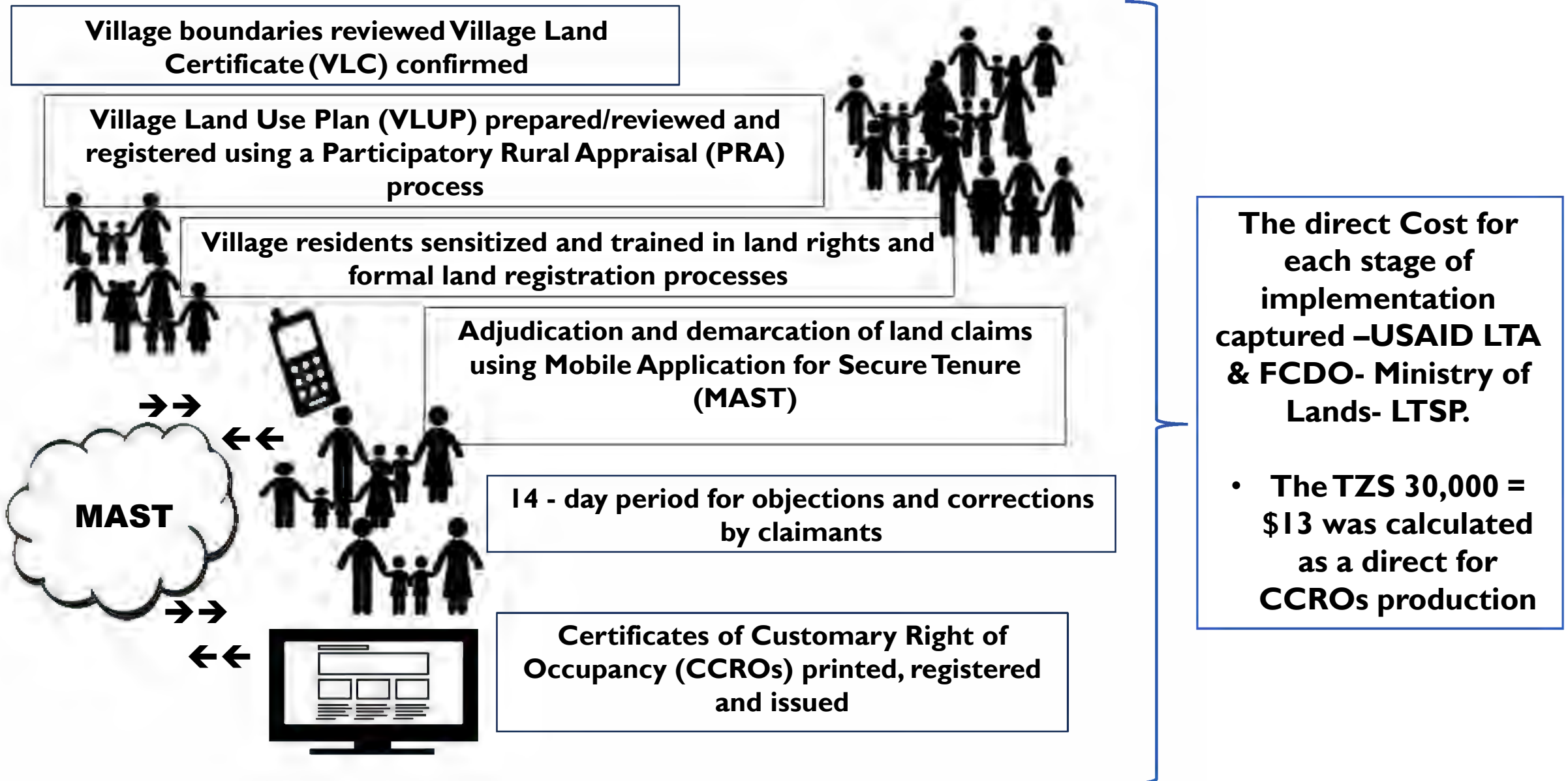
- 70% of land is authenticated through a Certificate of Customary Right of Occupancy (CCRO)
- 28% of land is reserved for forestry, water resources and wildlife.
- General land estimated as 2% authenticated by a Certificate of a Right of Occupancy (CRO).

# Phasing 2014-2021

- In 2014, with support from the USAID, MAST tech was designed and piloted in Iringa – Tanzania.
- Implementation of 4 years USAID LTA activity - Scaled up and refined MAST, procedures developed, cost for CCROs production
- Procedures well established and over 100,000 CCROs issued
- The FCDO – Ministry of Lands - LTSP adopted the MAST approach in its own land registration project in Tanzania, scaling it further to 300,000 parcels and counting



# LTA's Land Registration Costing by Procedural Steps





## Beneficiary contribution model for village land registration

- The Beneficiary Contribution Model is an approach to cost recovery to ensure the continuity and sustainability of the CCROs production process.
- The contributions covered,
  - Rectification/Preparation of VLCs,
  - Preparation of VLUPs,
  - Printing and Registration of CCROs
  - Upgrading of village registry offices for safe storage of CCROs.

# Steps involved in Beneficiaries Contribution Collections in Village Land Registration Model

**Application through District Council and approval by full council**

**Village residents sensitized on land rights and formal land registration processes  
Opening of Bank accounts**

**Contribution by villagers for land registration process – Follow up by LTA and DLO**

**Systematic adjudication and demarcation of land parcels, objection and correction process, preparation and issuance of CCROs**

**Transfer of funds and Expenditure**

**payment of implementing team**

**Continue to collect and issue CCROs**





Rwanda

Burundi

Tanzania

Dar es Salaam

Mombasa

Ruaha National Park

Mbeya

Iringa

Songea



# Experience and Results of applying the Beneficiary contributory model

- TLTA was able to fully test and implement the Beneficiary Contribution Model in **53** villages in 3 districts.

## In the period of 5 years

- A total of **47,763** CCROs issued
- Almost \$ **400,000** collected
- 95% of the fund covered the direct cost
- Approx-5% considered as revenue supporting some office operations and overhead costs



# Challenges encountered

- Limited availability of financial services in villages
- Is willingness pay but on average collecting 60 percent - need to make up the shortfalls
- Mistrust based on previous interventions among residents of many villages
- TLTA has laid the groundwork for ensuring the sustainability of its activity through a financially and organizationally viable successor NGO but continue to need support.



# Conclusions

- The Beneficiary Contribution Model is fully supported by the Government of Tanzania.
- To ensure transparency and accountability, the beneficiary contribution model is best administered through the community led by the Village Assembly
- The model is suitable for scaling up, however it requires seed money for initial investment including procurement of equipment and human resources operations fund.





THANKS



# A self-financing model for sustainable Customary Land Registration in Uganda

Eriaku Samuel- GIZ Responsible Land Policy in Uganda (RELAPU)

16.05.2024



# Introduction

- 80% of all land in Uganda is customary land.
- 90% of land in Northern Uganda is customarily owned.
- Efforts to register customary land have largely been through development partners/CSOs using fit-for-purpose techniques.
- MLHUD oversees these efforts and its in the process of endorsing the method widely.
- 18 million parcels are estimated unregistered in Uganda.
- According to the recent handbook for recorders on subsequent transactions on CCOs, over 82,000 had been mapped. GIZ RELAPU project mapped 21,000 parcels and issued 11,000 CCOs



# Developing Self-financing Model

- The model was piloted in Bululu sub county – Kalaki district in 2021.
- It is an approach of land registration where land-owners partially fund the registration process.
- The registration process is entirely implemented by government authorities.
- The approach creates mindset change and inculcates land registration culture to the rural population.
- The approach enhances capacities of local authorities on CCO issuance and helps them understand better PFM.

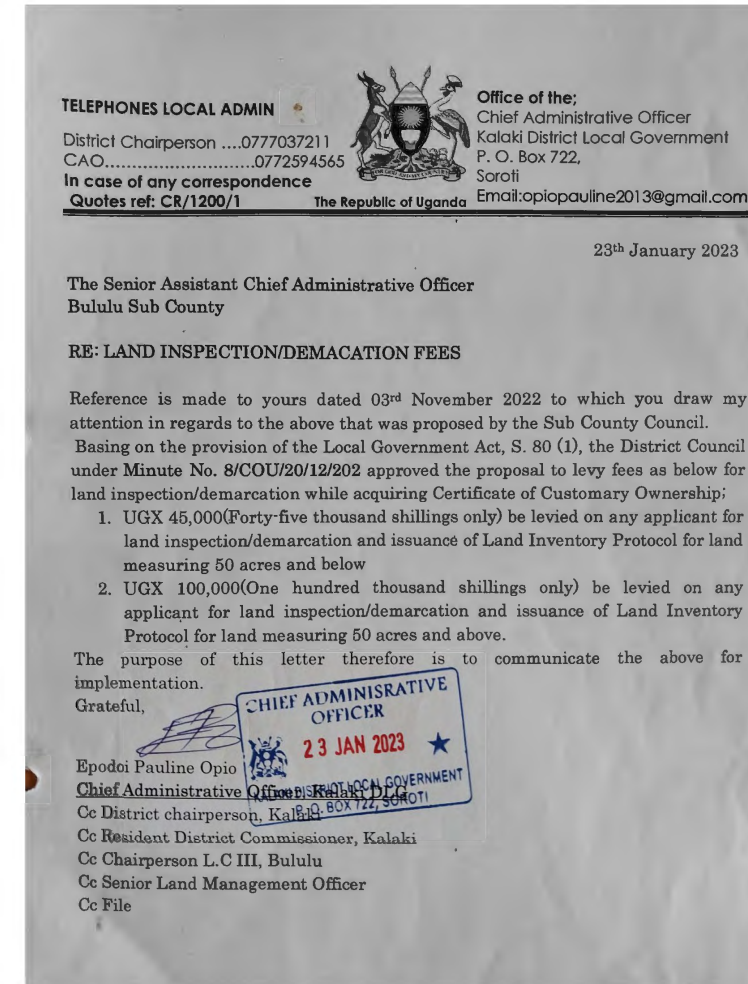




# Setting up fees

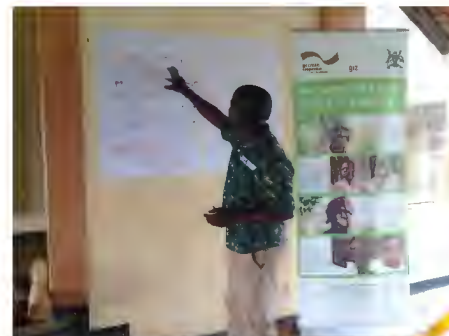
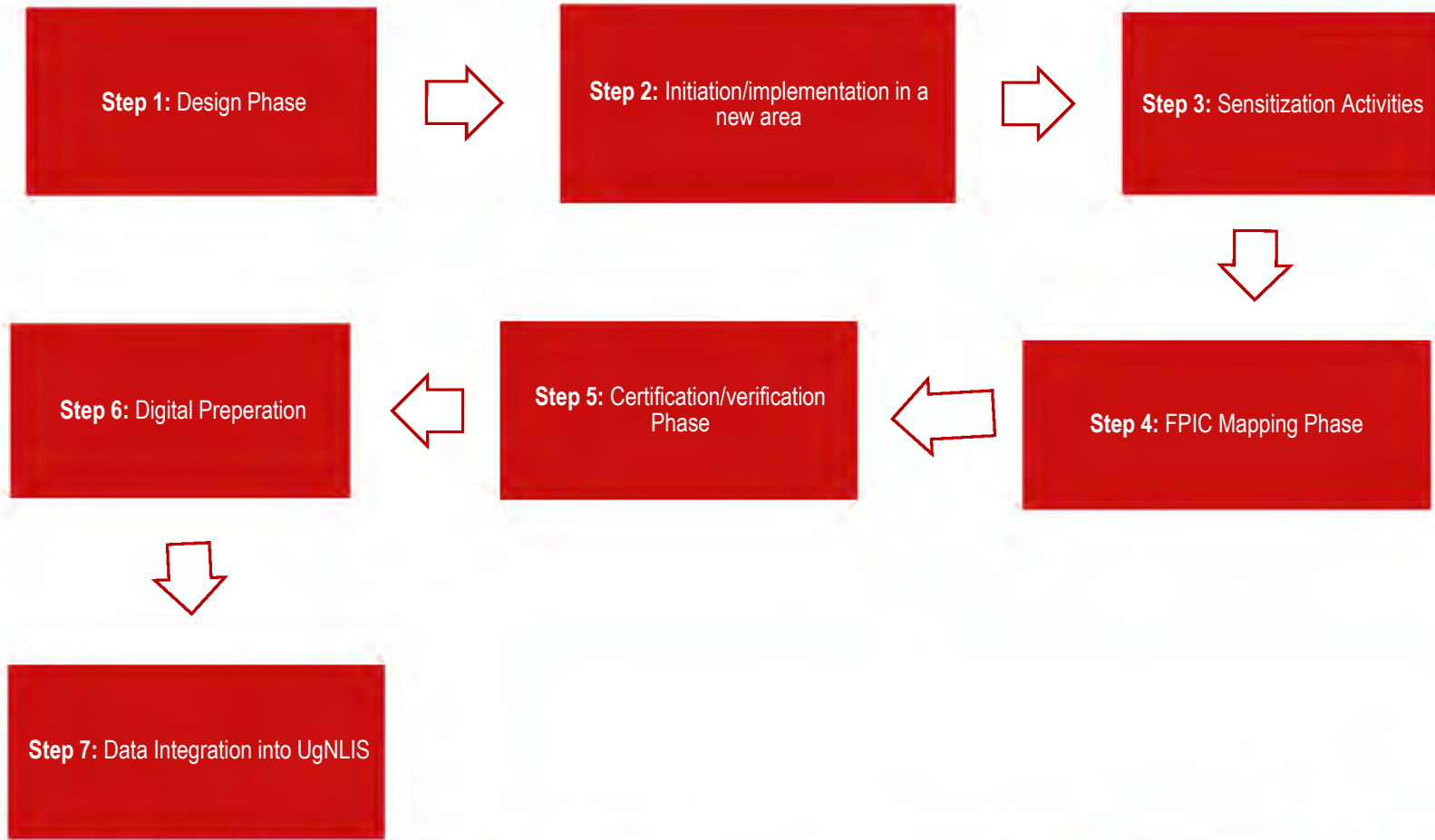


- Each district and sub county are responsible for setting up operational fees.
- During the discussion on suitable fees, the project advises on cost categories such as:
  - Fees for application and collection of the CCO,
  - Cost for community sensitization,
  - Travel costs and facilitation of land inspection / demarcation,
  - Meetings of the different boards and committees in the quality control and approval process
  - Printing and office running costs.



Region	District	Amount approved (UGX)
Teso	Soroti	50,000
	Kapelebyong	120,000
	Katakwi	70,000
	Kalaki	55,000 below 10 acres 110,000 above 10 acres.
Lango	Dokolo	70,000
	Amolatar	151,000

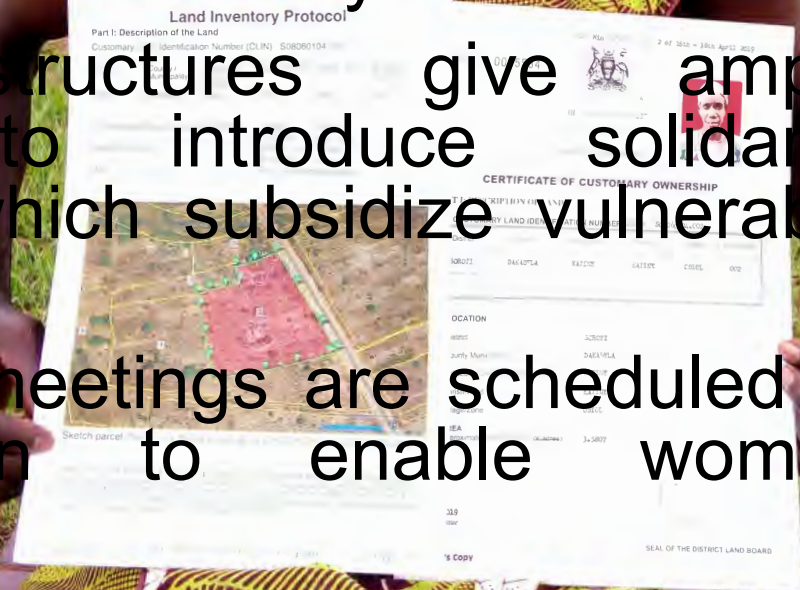
# Self-financing Implementation Process





# Social and Gender Inclusion

- Messages on the importance of both women and men's land rights are shared during sensitization meetings.
- Gender topics are covered during trainings at the sub county.
- The fee structures give ample possibilities to introduce solidarity mechanism, which subsidize vulnerable groups.
- Sensitization meetings are scheduled in the afternoon to enable women participation.



A community member asking LC3 a question on women land rights

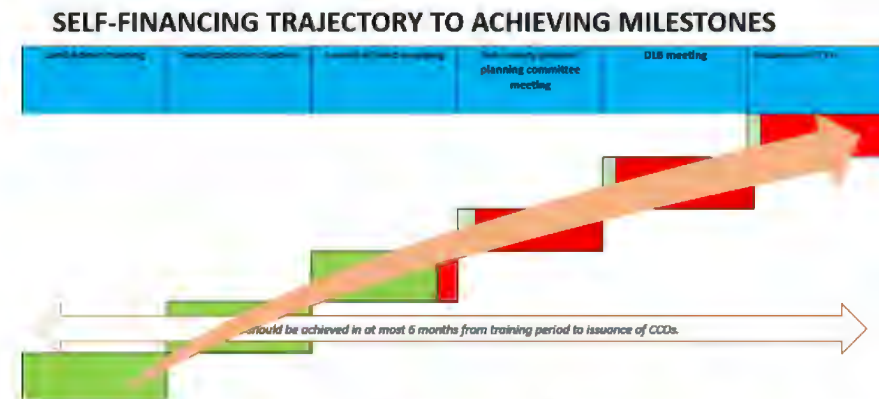




# Results to date

- The Bululu pilot has shown that 235 villagers (16.3y% of the total 1,446 HHs) were willing to contribute.
- Capacities of the officials have been built.
- Alignment of land registration activities to other government programs has been scooped.
- A trajectory has been developed.
- The model has gathered experiences on the **benchmarking of realistic fees and fee structures.**
- Natural resource protection has been observed.

Land Admin Trainings				
District	Sub-county	Participants		
		Male	Female	Total
Dokolo	Okwongodul	15	12	27
	Adok	23	10	33
Kapelebyong	Okungur	20	11	31
Amolatar	ACII	24	15	39
	Aputi	19	13	32
Grand Total		101	61	162



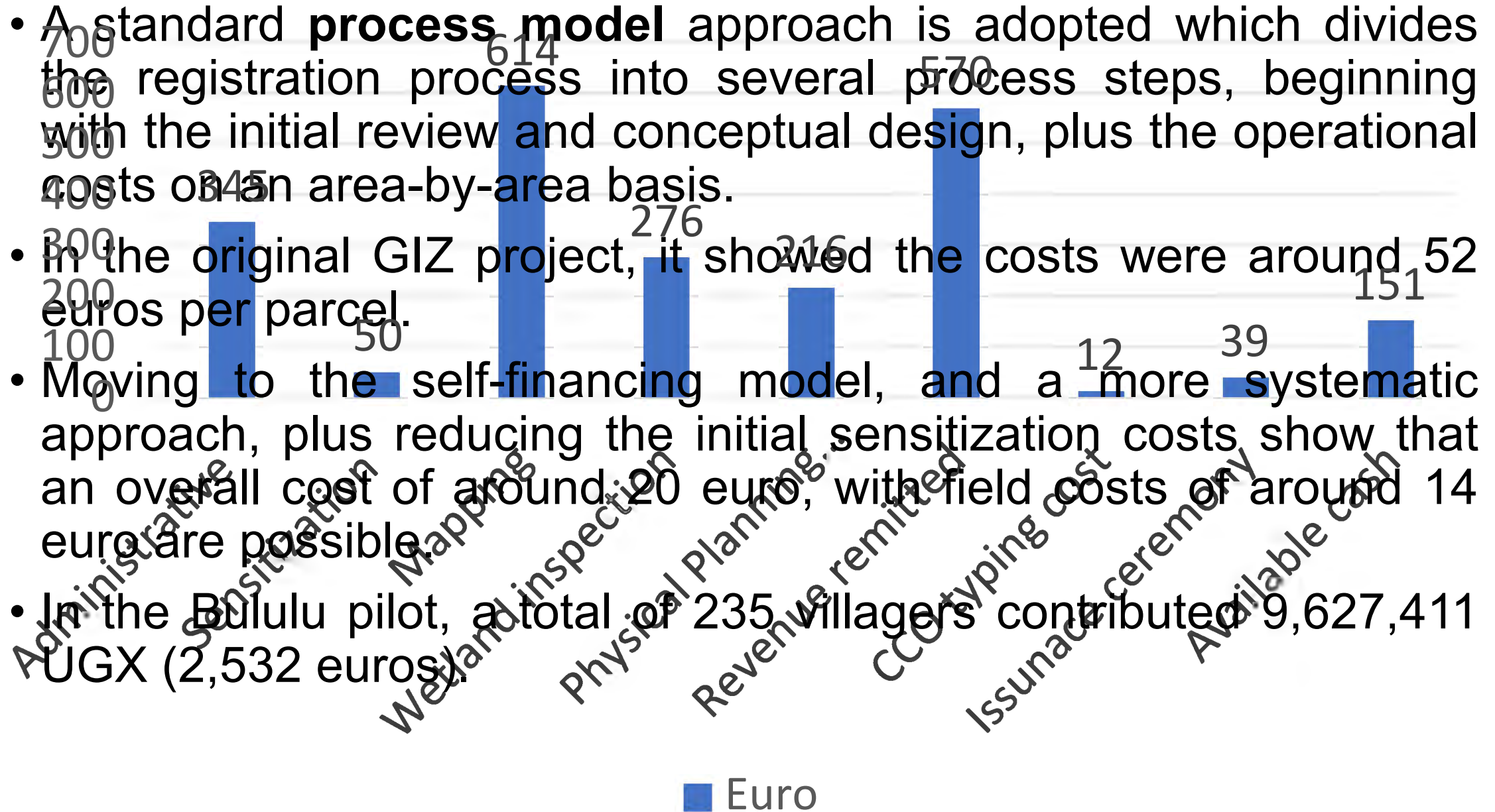


# Financial Aspects



## Bululu Funds Collected & Expenditure (Euro)

- A standard **process model** approach is adopted which divides the registration process into several process steps, beginning with the initial review and conceptual design, plus the operational costs on an area-by-area basis.
- In the original GIZ project, it showed the costs were around 52 euros per parcel.
- Moving to the self-financing model, and a more systematic approach, plus reducing the initial sensitization costs show that an overall cost of around 20 euro, with field costs of around 14 euro are possible.
- In the Bululu pilot, a total of 235 villagers contributed 9,627,411 UGX (2,532 euros).





# Lessons Learnt

- Continuous Capacity building is pivotal for a self-funded land mapping process.
- Political/key opinion leaders beginning to map their land makes other community members to apply.
- There is need for continuous sensitization.
- Wetland boundaries should be demarcated before land inspections.
- Ownership of the model by both the political and technical leaders is paramount.
- Training and establishment of ADR committees is necessary to support vulnerable persons.
- Incorporation of land services in annual budgets reduces costs of registration.

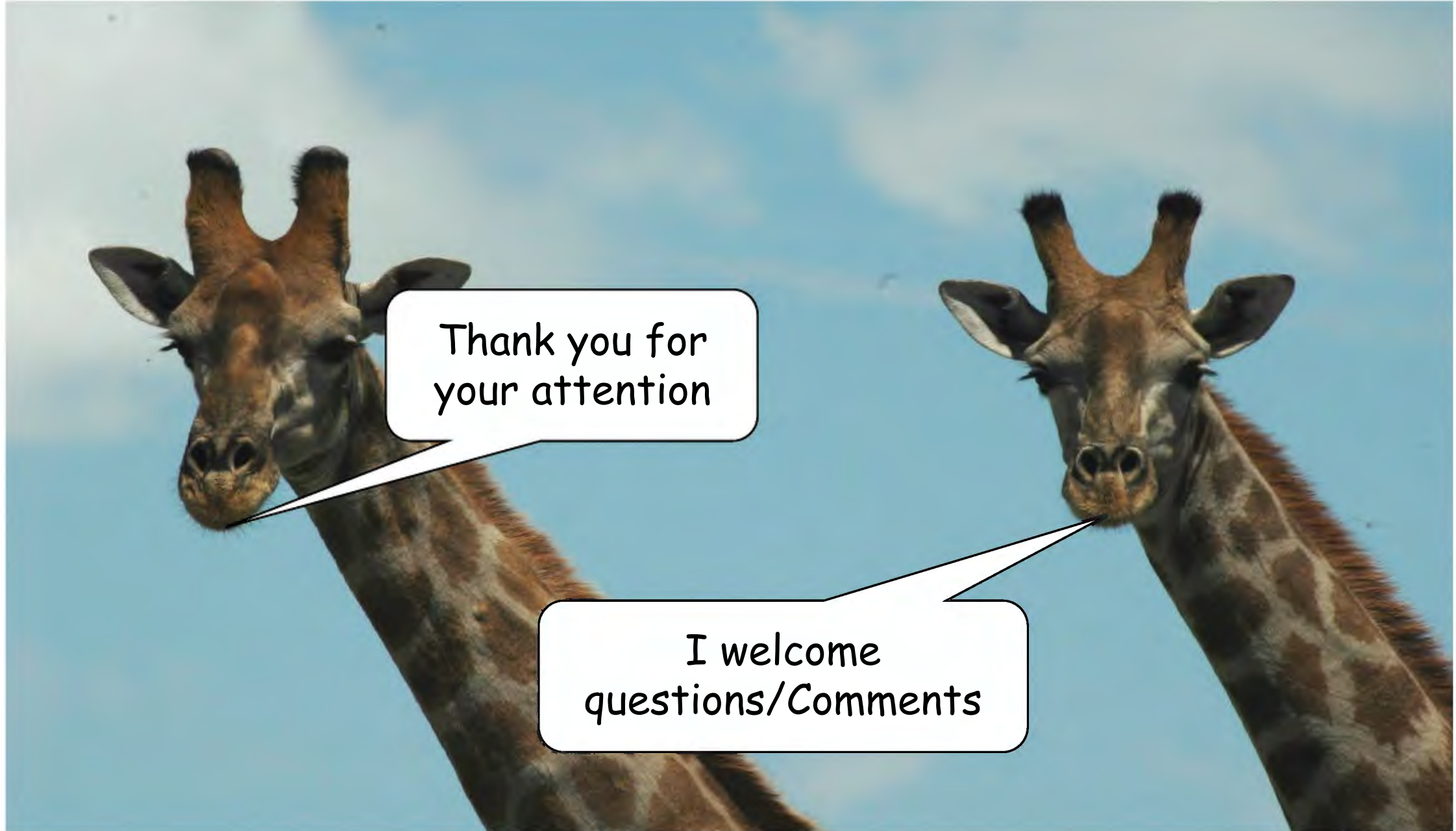




# Conclusions and Recommendations



- The experience from pilot areas has been very important in demonstrating the **willingness to pay from rural communities** to register customary land.
- The model calls for commitment and ownership of the entire process by the local government leaders i.e. both political and technical without which its implementation cannot succeed.
- It is also highly recommended that there is support available to assist and guide the local land service structures. This role can be filled by development partners, NGOs or CSOs in support of the Ministry.



Thank you for  
your attention

I welcome  
questions/Comments



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— 2024 —

**SELF-FINANCING MODEL IN CUSTOMARY  
LAND REGISTRATION: THE CASE OF  
CUSTOMARY LAND REGISTRATION IN  
UGANDA**

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**May 13-17, 2024**

## Abstract

This paper summarises the pilot experience of testing a beneficiary contributory model to help finance customary land registration in Northern Uganda at the local community level. Since 2016, GIZ has been working with district authorities and the Ministry of Land, Housing and Urban Development (MLHUD) to develop and apply “Fit for Purpose” methodologies to securing customary land rights. GIZ, through the Responsible Land Policy (RELAPU) project has supported 4 districts and 464 villages to undertake local semi systematic registration based on landholder’s requests largely with financial support from the German Federal Ministry of Economic Cooperation and Development (BMZ), resulting in the issue of over 11,000 CCO (certificates of customary ownership). The programme has shown there is a clear appetite for land holders to obtain CCO, however there is the critical question of how this demand for CCO can be financed. Consequently, GIZ has supported the testing of a Beneficiary Contributory Model through a pilot project in Bululu sub-county in Teso region over the period November 2021- February 2023. Based on the feedback from this pilot, the approach is now being taken up in further sub-counties. The paper discusses the potentials, challenges, and recommendations for further scaling up.

### 1. Introduction (brief)

This paper presents the pilot experiences with a contributory model to customary land registration in Northern Uganda and discusses the potentials, challenges, and recommendations for further scaling up. The pilot was implemented between November 2021 - February 2023 in Bululu sub-country – and is continuously backstopped and monitored by the GIZ implemented “Responsible Land Policy in Uganda “(RELAPU)” project.

The so-called “Bululu self-financing pilot” is built on prior project experience in “Fit for Purpose” (FFP) land demarcation and registration of customary land in rural settings. German Cooperation in Uganda supports the Ministry of Land, Housing and Urban Development (MLHUD) and the decentralized land offices since 2016/17 in the implementation of the National Land Policy with a particular focus on smallholders and vulnerable groups in rural settings.

After a successful pilot phase, Bululu became the reference case for scaling of the model in slightly different contexts and served as the basis for the sustainability strategy of the project, transitioning *project-based customary land registration* towards a sub-county led self-financing approach in exit areas. With this, the paper also provides a comparative analysis of success factors and barriers to the adoption of sustainable financing of land registration and administration – based on the different points of departure - as observed in the five districts of Amolatar, Dokolo, Kapelebyong, Kalaki and Soroti in Northern Uganda since 2023.

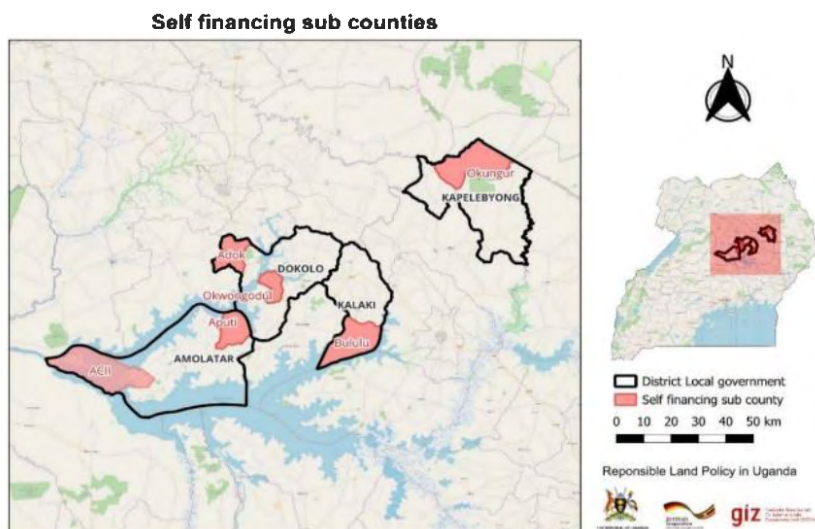


Figure 1: Target areas for the self-financing pilots





## 2. Background – Customary land registration in Uganda

In Uganda, the MLHUD has set the (legal) foundation for the land sector with the Land act in 1998 and its amendment in 2010, as well as with the National Land Policy (2013). These laws and policies establish the regulatory framework for land tenure, ownership, and administration and introduced key institutions to oversee land-related matters at the national and district levels (see Annex 1). In Uganda, four parallel land tenure systems exist: freehold, leasehold, Mailo and customary tenures. While urban freehold and leasehold titles are mostly registered, for systematic customary land registration little standardization is yet in place.

The MLHUD has a shared mandate for the provision of decentralized (land) services with the Ministry of Local Government (MLG), who oversees the decentralized administrative levels. While on the one hand Government of Uganda has the intention to increase (land-based) own source revenue, MLHUD and MLG lack the operational funds to provide land services at a large scale in rural areas, often accounting for customary land ownership.

About 80% of all land in Uganda and 90% in the northern region is held under customary tenure, a system that still to some extent lacks clear documentation and formal legal recognition.

Initial pilots on securing customary land tenure have led to the definition of a feasible workflow for the generation of certificates of customary ownership (CCO), but also highlighted the need for further administrative reforms and digitalization to account for state-of-the-art know-how. Several development partners have since contributed to the implementation of the National Land Policy – looking into feasible ways to document customary tenure.

The work of UNHABITAT with support of the Dutch Government, GIZ with the support of the German Government, UN-CDF with the support of the EU or international NGOs like ZOA, is all grounded in the key principles of 1) free prior informed consent and participatory approaches and 2) cost- and time effective Fit-for Purpose solutions for land demarcation, which empower the decentralized service structures. Land demarcation and registration is often implemented in close coordination with civil society organizations and academia, here prominently Makerere University, to ensure inclusion of vulnerable groups and local knowledge.

Despite the widely demonstrated suitability of using Fit-for Purpose techniques for low-cost mass systematic registration, MLHUD is still in the process of endorsing this method widely, anchoring it in the legal framework and adopting it for the digital systems development for the overhaul of the Uganda National Land Information System (UgNLIS) which is the national land administration IT system / cadastre.

The UgNLIS was developed between 2015 and 2020 and is now operational and deployed countrywide, with a central National land Information Centre in Kampala and at 22 Ministry Zonal Offices set up across the country to process freehold, leasehold and Mailo titles - but not customary land. Within the (partially) digitalized system, customary land is not yet incorporated. Work is underway to have CCO data integrated into the UgNLIS, and some of the administrative procedures need further simplification and digitalization. Risks occur particularly from the lack of standardization, clear workflows for data integration and rules for updating (subsequent transactions).

It is estimated that roughly 18 million parcels of customary land are unregistered. Despite the support of development partners, for customary land, so far only 175,000 parcels have been demarcated and mapped in total over the past ten years. This has largely been through direct project support financed by Development Partners, in coordination with the district land offices. and with MLHUD in an oversight and advisory role.

GIZ has supported NGO groups and local authorities to undertake sensitisation and has assisted with the customary land registration in 4 districts and 11 sub counties, over the period 7 years resulting in over 21,000 parcels being identified and demarcated, and over 11,000 CCO (certificates of customary ownership) being issued. GIZ has also undertaken costing analysis to understand better the costs of the different steps and partners in the customary land registration process.

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 <sup>1</sup> See: stock take of Land Development Partner working group meeting held in, June 2023

While the Development Partners technical cooperation is there to help develop and prove the concept, these projects are unlikely to ever have the financial means to cover the demand nationwide in Uganda. There is renewed interest from both governments and development partners in leveraging various own source revenues to drive sector reform. For this, a mindset shift is needed from project logic with limited timeframes towards continuous land service provision, by the mandated structures.

### **3. Developing the Contributory Model Pilot**

#### **Overview**

The Bululu self-financing pilot was conceptualized to test the Beneficiary Contributory Model for the registration of customary land at the local community level. Many land holders are willing to contribute to the costs of registration as they are increasingly aware of benefits. On the demand side, local populations therefore attribute value to “secured access to land”.

The objective was to combine the Fit-for Purpose lessons with a new contributory model, which can leverage funding to facilitate the required steps in the registration of customary land and the acquisition of a Certificate of Customary Ownership

Applicants themselves partially fund the registration process, with donor agencies providing technical equipment and backstopping. The legal basis for the setting of operational fees and their collection is the Local Government Act Chapter 243 (Sections 39 and 80). This allows the districts and sub-counties to define operational fees (“service fees to allow for executions of their functions”), which need endorsement by the local councils to ensure democratic legitimization.

While the mandates concerning land registration are stipulated in the legal framework, the sub-counties have a multitude of functions to fulfil with very limited resources. Therefore, the provision of land services is competing for the time and resources officials have at hand. On top, they are not oriented well on the procedures and therefore often prioritize areas of work, they are more familiar with.

The approach is on one hand trying to enhance the capacities of the local land authorities to issue CCO and on the other to help the local authorities understand better the public financial management aspects. Discussion on fee structures guides the teams to understand the cost structure, which arises from land demarcation and later-on the certificate production. Very often local administrations focus on the direct cost (e.g. facilitation of mapping teams) when budgeting for land registration activities – cost for quality control / quality assurance or validation of adherence to overarching natural resource management plans is often not built in.

The Beneficiary Contributory model was tested first in Bululu in Kalaki sub-county, Teso district, and is now being expanded to additional sub-counties (Okungur, Okwongodul, Adok, Acii and Aputi) in Teso and Lango districts/

#### **Key stakeholders**

The key implementers of the pilot are the existing public officials in the land offices at district and the sub-county level, coordinating the provision of customary land services for villages in their sphere of responsibility. Recipients are mainly small-holder households, who engage in subsistence farming and can often be characterized as cash-poor and may have difficulties in making a one-off payment. However, in this community-driven approach, sub-counties often find solutions not to exclude poor households by allowing for payment by instalments.

The ownership and initiative of the local leadership is essential. The pilot undertook field sensitization for a broad network of local leaders, who supported awareness creation and mobilization in the respective communities. These have been trained in basic land administration and provided with key messages, also promoting women land rights.

For the systematic capacity development, the project facilitated MLHUD to enhance their Capacity Development Mandate and set up a cascade approach with Master trainers undertaking *Training of Trainers* (ToT) at district level, who then transfer their knowledge to the local level. The overall goal is to avail

necessary training capacities at the decentralized level who then in turn transfer knowledge to the stakeholders at the sub-county level.

### Setting and collecting fees

Each district and sub-county are responsible for setting its operational fees and these need to be agreed before starting the implementation process. During the discussion of suitable fees, the project advises on cost categories, which need to be built into the actual setting of fees. The costs to be covered include the following:

- Fees for application and collection of the CCO<sup>2</sup>,
- cost for community sensitization,
- travel costs and facilitation of land inspection / demarcation,
- meetings of the different boards and committees in the quality control and approval process
- printing and office running costs.

It should be noted that, in the above cost lines the operational costs of the area land committee has to be spent at source<sup>3</sup> and others submitted to the central consolidated fund as local revenue, and this later will be remitted to the sub-counties. This then calls for the sub counties to have these activities incorporated in their annual workplans and budgets.

There are also essential start-up costs including, among other items, capacity building, acquisition of mapping equipment, kick off meetings, equipping the recorder's office, acquisition of required IEC material and legal books.

The earlier BMZ financed customary land registration project (2016-2026) have showed that FFP mass systematic registration is possible, and it can be completed in reasonable timeframe. An analysis of the costs undertaken by GIZ shows that the registration costs can be reduced to less than 20 euro per parcel, with actual field costs of around fourteen Euro per parcel.

The process of setting fees is essential and needs transparency (who receives what at which point in the process). The endorsement is coming from the elected public representatives which provides democratic legitimization (district / sub-counties councils). In the different pilot areas, the approach to defining the fees was differing, depending on the leadership. Sub-counties had more hands-on concerns, while the districts were focussing on alignment, harmonization, and affordability in the discussion. Eventually, a range of service fees can be observed in the different districts, which provides challenges in the communication across the region(s).

Region	District	Amount approved (UGX)
Teso	Soroti	50,000
	Kapelebyong	120,000
	Katakwi	70,000
	Kalaki	55,000 below 10 acres 110,000 above 10 acres.
Lango	Dokolo	70,000
	Amolatar	151,000

**Table 1: Fees set for customary land registration in the pilot districts.**

Fees are being collected by the local land authorities at the sub-county level for those lines that are not for ALC field operations as explained above and accounted for. However, the flow of funding in the Ugandan public financial management system still provides a challenge. The Ugandan Government centralizes all

<sup>2</sup> These are outlined as statutory cost in the land act and collected as local revenue to be transferred to the Uganda Revenue Authority. Application and collection are charged with 5.000 UGX (each 1.29 USD)

<sup>3</sup> This practice is in line with the common practice also for the facilitation of the work of the area land committee when demarcating land for freehold titles in Uganda.

public funds in the National Treasury and reallocates them based on local plans and budgets submitted. This however sometimes leads to delays in the fund provision or even budget cuts in the funds available compared to those collected, despite the funds being earmarked for the fee-based registration process. It is therefore essential to anticipate the needs and integrate land registration activities into the annual district planning and budgeting cycle.

### Field Activities

Once the funding is secured, the self-financing pilot follows the steps of the cycle for the registration of customary land, which builds on local participation particularly in the mapping, but also the alternative dispute resolution. A detailed description of the participatory approach based on FPIC, and all field activities is provided in Annex B. The field activities are undertaken as set out in the land act and are implemented through the village and sub-county institutions themselves. In the case of the Bululu and other pilot projects, the costs of the basic field equipment and the cost of the initial training are borne by the District, Ministry and GIZ. All field activities are covered by the funds raised from the villagers themselves through the fees collected at the initialisation stage.

### Steps to ensure social and gender inclusion.

During the sensitization of the general public, messages on the importance of women’s land rights are shared. Gender trainings help the officials to disseminate these during the sensitization meetings in different clusters and to approach women at convenient times. But the sensitization step is not the only aspect to leverage inclusivity. The fee structures give ample possibilities to introduce solidarity mechanism, which subsidize vulnerable groups by employing slightly elevated rates for commercial farmers for example. This solidarity mode has been introduced in Bululu with a reduction of the land registration service fee for widows, orphans, handicapped members of the community, which is cross financed for example from higher rates for larger land holdings.

In order to monitor the correct handling of funds and ensure service provision in this contributory model, the project partnered with civil society organizations for the set-up of social accountability mechanisms. It is in this context that a human-rights based approach to land is further promoted. With its regulatory framework, the MLHUD has also fostered inclusion of women, making it mandatory to include all household members to the certificate before the CCO issuance. However, this regulation has limitations in the context of subsequent transactions, where clear guidelines are not yet endorsed.

### Implementing the beneficiary contribution model

The implementation steps can be summarised as in Figure Two below. At a conceptual level, the steps outlined in the diagram are essentially the same for any systematic or semi systematic registration programme in most countries and legal systems, though the detailed actions under each heading will be different. Annex B describes the detailed implementation of the Beneficiary Contributory Model developed in the Bululu pilot and implemented fully in line with Ugandan laws and regulations.



**Figure 2: Steps of the self-financing pilot**

The design phase focuses on key decisions at the district and ministry level in ensuring that there are required materials for implementation and step 2 looks at key capacity building events at both district and sub-county and actual provision of necessary equipment and materials for field implementation to begin. Steps 3 & 4 are for the actual field work where awareness on land rights is created, and subsequent mapping done and

thereafter certification and issuance of the documents follows at step 5. The last two steps; 6 and 7 involves linkage to the ministry where data is eventually integrated to the UgNLIS.

In the Bululu pilot, the implementation is done by the local land authorities themselves. The basic unit is the sub-county, and the process proceeds village by village. The key organisers and coordinators are the Area Land Committees (village level), Recorder (sub-county level) and Chair of the District Land board. The ALC support the village-based activities and the Recorder essentially validates their work, before passing it to the District Land Board for review and decision. Those cases approved by the District Land Board will result in the issue of a CCO to the applicant. At the current time, the CCOs are mostly printed and signed manually, however the data is also recorded digitally, and pending agreement with MLHUD and the finalisation of the customary land module of UgNLIS, it can be uploaded to the national system, assuming it meets all quality control requirements.

#### 4. Financial Aspects

##### Costing analysis of earlier GIZ projects

To undertake the costing analysis, a standard **process model** approach (Figure 3) is adopted which divides the registration process into several process steps, beginning with the initial review and conceptual design, plus the operational costs on an area-by-area basis (whether systematic or sporadic). This is shown in the figure below. This also allows existing projects to be compared and costed, without making assumptions about the output of the first registration stage – the process model (steps A-G) will show clearly what is included and what is not included – and who is responsible for the cost incurred. In the case of the GIZ earlier pilots, the process currently stops once the certificate is printed, as the digital data cannot yet be included into UgNLIS. MLHUD is currently working on the necessary administrative instructions and technical systems to allow that to happen in the future.

Steps	A	B	C	D	E	F	G
	<b>Design</b>	<b>Initiation of activities</b>	<b>Sensitization Activities</b>	<b>Field Processing of claims/adjudication</b>	<b>Approval &amp; print, collect certificate</b>	<b>Digital preparation</b>	<b>Entry to UgNLIS</b>
	Programme conception and design, initial investment	Programme initiation (in a new area)	Sensitization and awareness raising	All field-based activities resulting in preparation of claims for decision stage	Decision on claim and prepare, print and collect certificate	Digital data ready for entry to land administration system	Digital data entered to UgNLIS and ready for any updating (transactions)
<b>Customary land registration</b>	<b>Customary Land Registration – CCO produced</b>						
<b>Actions included (for costing purposes)</b>	All programme documentation, design and initial investments global to the programme (e.g. imagery, IT, equip, manuals, materials etc)	Programme set up costs when it moves into a new area: i.e. these are per county, per district etc. capital costs and initial training per area covered.	Specifically, all those activities associated with outreach, sensitization, advice etc, delivered prior to and alongside D	All field-based activities, including organising, liaison, training, accepting claims, demarcation, adjudication, public display, objection processing, dispute resolution & ready for final approval	These activities are often carried out by the land administration agency at different level of field activities	Preparation of data for digital entry into digital land registry/land administration system, including registry data and geospatial data	Data is entered to UgNLIS and verified ready for transactions
<b>Costs usually borne by:</b>	<b>Programme sponsor</b>	<b>Programme manager</b>	<b>Implementer – Sub-county</b>	<b>Implementer of local field teams</b>	<b>Local district/ Ministry</b>	<b>Implementer – Ministry or District</b>	

Figure 3: Process model for cost analysis





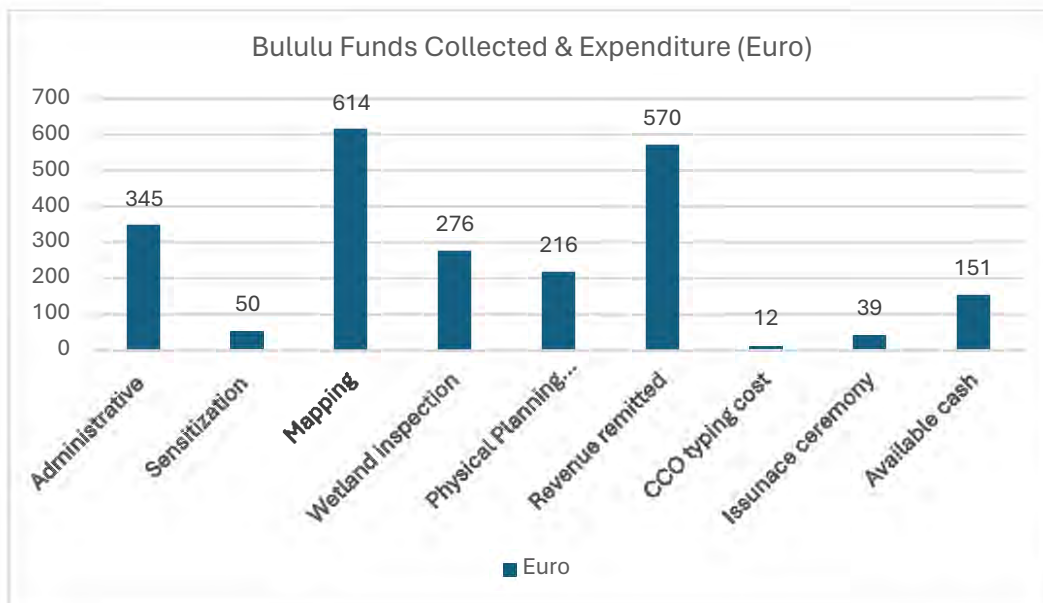
Figure three shows the steps covered in the original GIZ pilots and these correspond roughly to steps B to E, as the final output produced was the signed CCO (though note that the GIZ projects do actually hold the information electronically, so the digital data could be uploaded if the systems were available to receive it.

The process model approach was used to analyse the costs of the original GIZ supported projects. This showed the costs were around 52 euro per parcel, however, moving to the self-financing model, and a more systematic approach, plus reducing the initial sensitisation costs show that an overall cost of around 20 euro, with field costs of around 14 euro are possible.

### The Bululu self-financing pilot

In the Bululu pilot, a total of 235 villagers contributed 9,627,411 UGX (2,283 euros). Figure Four shows the funds generated and how they have been spent to facilitate land registration. The expenditure caters for the costs from step C to E as per figure 3 above.

With the self-financing implementation, Kalaki district reported an increase in local revenue at Bululu sub-county in comparison to other rural sub counties as a result collections from land registration. Before the introduction of self-financing, Bululu used to collect total revenue of 1,660 euros, but in 2021 the revenue increased to 1,897 euros (14.3% increase). In the financial year 2022 – 2023 it increased to 2,371 (25% increase) and in 2023 – 2024 it increased to 2,846 (20% increase)



**Figure 4: Self-financing model: Bululu**

It is important to recognise that all the operational activities at the local level are full covered by this revenue collected from the villagers. The initial trainings and provision of key IT equipment and materials at Bululu was supported by GIZ and the district contributed for its land board induction and these all costed about 10,028 euros.

With lessons learnt from Bululu, the scaling of the model to 5 additional sites lead to cost reduction in capacity building compared to the initial capacity building costs incurred in Bululu. The new direction focused on building capacities of mandated land service structures (ALCs, sub-county technical staff, councilors attending only one day, LC 2's, DLBs) who intern transfer knowledge to community members as opposed to training many stakeholders who do not hold the mandate. The initial trainings in Bululu costed about 7,343 euros but in the 5 new pilots, it costed 9,460 in total and in average 1,892 per sub- county.



**Towards sustainable land administration at sub-county level**, the land administration function at the sub-county is the responsibility of the SC Recorder and the ALC with supervision from the district. The SC Recorder salary costs are of the order of UGX 11,000,000/= annually. The costs of running the SC Recorders office are estimated as similar, so the cost of the SC land administration function will be of the order of UGX 20-25,000,000/= per year. ALC costs are on top of this for certain transaction types but can be recouped from service fees on the transaction.

A SC has on average around 4800 households / parcels. It is a legal requirement that the CCO are held at the SC Recorder level, however, even if all parcels are registered, the number of annual transactions will be low. Land Markets typically have a turnover (transfers) of 3-6%<sup>4</sup> suggesting there will be 144-288 transactions per year in the sub-county. In practice, there may be double this number of transactions (taking into account all types of transfers) as transfers often are 50% or less of all transactions.

Undertaking some sensitivity analysis (table seven), with 3-6% transactions, and UGX20-75,000/= fees per transaction shows that there would need to be around 6% transactions (of all types) at an average fee of UGX 75,000/= to cover the costs, and this will take some time to build up.

Fee Income / Transactions (millions of UGX and EUR)					
		% transaction rate (4800 parcels in total)			
		3.00%	4.00%	5.00%	6.00%
<b>number of transactions per sub-county</b>		144	192	240	288
<b>Average transaction fee rate (UGX)</b>	20000	2.88	3.84	4.80	5.76
	30000	4.32	5.76	7.20	8.64
	40000	5.76	7.68	9.60	11.52
	50000	7.20	9.60	12.00	14.40
	75000	10.80	14.40	18.00	21.60
Fee Income / Transactions (EURO)					
		% transaction rate (4800 parcels in total)			
		3.00%	4.00%	5.00%	6.00%
<b>number of transactions per sub-county</b>		144	192	240	288
<b>Average transaction fee rate (EUR)</b>	4.82	693	925	1,156	1,387
	7.22	1,040	1,387	1,734	2,080
	9.63	1,387	1,849	2,312	2,774
	12.04	1,734	2,312	2,889	3,467
	18.06	2,601	3,467	4,334	5,201

**Table 2: revenue sensitivity analysis: % transactions and fee rates.**

The conclusion is that in the short term, the land market activity will not cover the costs of running an SC Recorder office at the SC level, without additional revenue sources, and it will need to be subsidised or additional service fees charged.

<sup>4</sup> evidence suggest there is a 3-6% churn in the land market annually (i.e. 3-6% of all properties are transferred annually).

#### 4 Results to date

The following results to date can be identified.

**a) Villagers have shown they are willing to contribute to the costs of customary land registration.**

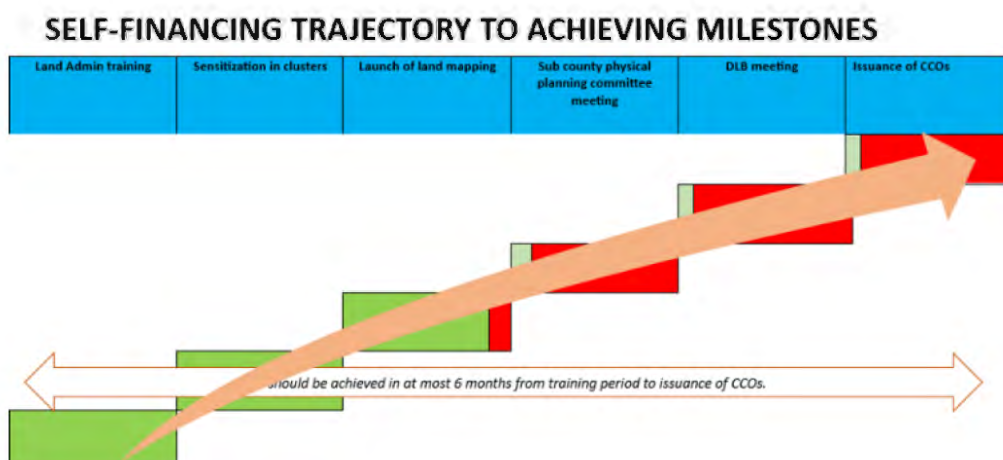
The Bululu pilot has shown that 235 villagers (16.3y% of the total 1,446 HHs) were willing to contribute to the costs of the preparation and issue of CCO at a base fee rate of UGGX 55,000 per parcel. here is clear evidence of demand and this scheme has now been extended to five further pilot areas. The Bululu success story has helped re-shape the mindset and culture of community members in land registration. In the past it was looked at as a process done by projects but now people know that they have to finance for their land registration.

b) The pilot has **built the capacities of officials** in the five pilot areas and developed a cascade approach to ensure continuous refresher trainings and technical backstopping. Using the TOT approach, over two hundred stakeholders have been trained in land administration and alternative dispute resolution and have participated in awareness creation in their respective sub-counties as indicated in Table 3 below.

Land Admin Trainings				
District	Sub-county	Participants		
		Male	Female	Total
Dokolo	Okwongodul	15	12	27
	Adok	23	10	33
Kapelebyong	Okungur	20	11	31
Amolatar	ACII	24	15	39
	Aputi	19	13	32
<b>Grand Total</b>		<b>101</b>	<b>61</b>	<b>162</b>

**Table 3: land administration training delivery**

- c) The potential for **alignment with other government programmes** has been scoped to increase awareness. Awareness creation is one of the main cost drivers in the CCO registration process, while it requires mass mobilization, information material for dissemination, employing various different distribution channels to ensure reach also to the most vulnerable. Parish chief and members of the local councils have proven to be resourceful in this process, despite their limited time and resources.
- d) A **trajectory** has been developed to ensure that local land offices can supply land services based on initial skilling within half a year from sensitization campaign to issuance of the customary land certificate. The trajectory helps the leadership to monitor self-set timelines to ensure service delivery and accountability in the process (Figure 5).



**Figure 5: Self-financing trajectory**



- e) The model has gathered experiences on the **benchmarking of realistic fees and fee structures**. It has become evident that if the set fee exceeds the willingness to pay by the local communities, the sensitization and mobilization will fail to generate sufficient interest, expressed in applications for customary land registration. In this context the point of departure also has a crucial role. In the areas, where self-financing has been used as an exit strategy after project logic provision of land services with only statutory fees, but not to the operationalization of the process, the interest to apply for a CCO is comparably lower. This is on the one hand linked to covering much of the demand already in the initial systematic FFP land demarcation. But for those who remained, a later collection of relatively higher fees (70.000 UGX compared to 10.000 UGX) is considered “unfair” and therefore difficult to legitimize.
- f) For a successful implementation of the model, the local government must put in place **proper financial management mechanisms** to avoid mismanagement of public funds. Measures such as provision of receipt as proof of payment help to build communities trust in the process of land registration. Additionally, the funds should be channelled specifically towards land registration activities without diversions to unintended lines.

## 5 Conclusions and recommendations

### Lessons learnt

1. The experience from Bululu in Kalaki, Acii and Aputi in Amolatar, Okwongodul and Adok in Dokolo district as well as Okungur in Kapelebyong district has been very important in demonstrating the **willingness to pay from rural communities** to register customary land. Increased demand in areas, where the perceived land pressure is high or land holds prospects of exploitive industry entering the area (mining, oil and gas, agricultural concessions).
2. The model calls for commitment and ownership of the entire process by the local government leaders i.e. both political and technical without which its implementation cannot succeed.
3. Comparison between prior project areas (**transitioning approach**) and non-project areas, which start off on self-financing, shows that there are different incentive structures and levels of pro-activeness of the community, showing that direct project facilitations can lead to adverse effects on the overall willingness to contribute to land service fees.
4. **Continuous sensitization** is key to gradually shift from sporadic approach to a more systematic and with that cost-effective procedure, which is still routed in local demand.
5. The approach requires a clear commitment for FFP and supportive regulatory framework, to leverage the potential for government revenue from the land sector.
6. In the land administration in Uganda, the challenges to keep timelines and costs low are still high, due to high requirement from the applicant’s side, which are often challenging (presence of all family members and neighbours during mapping, ID cards and passport pictures available for all). These could be resolved with a higher level of digitalization in the workflows from field to the UgnLIS system.
7. Potential digitalization gains can bring the actual cost further down, e.g. by allowing for digital application and signatures in the process, having registry fully operated based on the digital data entry.
8. It is also highly recommended that there is support available to assist and guide the local land service structures. This role can be filled by development partners, NGOs or CSOs in support of the Ministry. Social accountability is a citizen-led action to hold public officials accountable for resources and services. This involves citizen participation, demanding transparency measures and feedback or monitoring of services.
9. Development partner support should focus on creating an enabling environment for the decentralized land service structures.
10. MLHUD and Ministry of Local Government in their shared responsibility for the decentralized provision of land services should jointly analyse the pilot experience and suggest balanced solutions in the public financial management of operational cost and government revenue to ensure self-reliance of the structures.

The following lessons learnt have been noted during the implementation of the model.

- Continuous Capacity building is pivotal for a self-funded land mapping process.
- Political/key opinion leaders beginning to map their land makes other community members to apply.
- There is need for continuous sensitization.
- Wetland boundaries should be demarcated before land inspections.
- Ownership of the model by both the political and technical leaders is paramount.
- Training and establishment of ADR committees is necessary to support vulnerable persons.
- Provision of information materials is key to help sub county leaders for reference during village sensitizations.
- Incorporation of land services in annual budgets reduces costs of registration.
- Use of other structures like churches helps in information dissemination.
- Delay in processing land documents frustrates applicants.
- Engagement of LCs is essential and motivating implementing stakeholders.
- Mappings teams must be paid upon checking the completeness of the files.

**Table 4: Lessons learnt from the self-financing pilot.**

### **Potential for Scaling UP**

In the rural setting in Uganda, the demand side for customary land registration is often elevated by either higher pressure on the natural resources (e.g. infrastructure development, start-up of exploitive oil and gas business, grazing area access rights, wetland demarcation). On the other hand, if there is commercialization of agricultural sector, land-derived benefits become more evident with a price tag. Currently the perceived value of land is often emotional, linked to the social or cultural value in a family setting, pressure on this perception is coming from family growths. Farming as a business and access to other land-based services (finance, inputs etc) will increase the perceived value of the land and demand for registering the customary land right.

The government of Uganda has little operational budget for the land sector, while at the same time having a complex tenure system with four different provisions. For freehold or leasehold land registration, a fee-based system is already applied, but with high cost associated due to its often-sporadic nature of application. This existence of the logic in the land sector provides an opportunity, paired with the potential to bring costs drastically down in the customary context, by applying a) cost-effective fit-for-purpose technologies and b) entering into systematic land registration to lever economies of scale.

It is the conviction of the project team, that only with a contribution model sustainable financing also for customary land services can be achieved and therewith scaled. Customary land is mainly hold be rural, often cash poor communities, which rely on subsistence farming. Hence wide adoption of “fit-for-purpose land demarcation” is the precondition to bring the cost associated with customary land registration down to a level, in line with the willingness and capacity to pay by rural households.

A main success factor for the scaling will however be the setting of **affordable, but still cost-covering fees**, which will allow to work demand-based – and still facilitate systematic land registration. One way of achieving this is increased investment in sensitization to enhance demand side and to set minimum numbers of applications before commencing field work. On the other hand, fees, which are not aligned with varying fee structures pose a challenge – and should be harmonized to some extent before further scaling.

Initial investment to capacitate and equip the land offices sufficiently, based on the expected operational levels in the job; tendency if there is training to have standardized packages rather than role adjusted modular approaches.



### Challenges during the implementation of the SF model

- Other government programs are causing delays in land mapping.
- Lack of guidelines on fees collection and management.
- Un-Knowledgeable ALCs.
- Data management and reporting
- Where S.F sub counties can digitally print CCOs.
- Varying fee structures.
- Collection and management of fees.
- Lack of social accountability safeguards!
- Information flow between DLGs & MLHUD!
- Unclearly on where CCOs can digitally be printed from.

#### **Table 5: Overall challenges in the customary tenure system remain.**

The responsible officers at the sub-county and district level do not have their mandate, as outlined in the land act, systematically included in their job description, therefore see the land services as an add-on. It depends very much on the individual motivation, while not part of the performance assessment. JDs should be revised to reflect better responsibilities and tasks of different function groups in the provision of land services.

With the National Land Act and the Land Policy of the Government of Uganda being under review in 2023/24, new methods are being reflected in the administrative procedures, new tools introduced to benefit from digitalization gains, since the initial formulation of these frameworks. Self-financing needs to be incorporated into these review processes.

Systems thinking is required for the set-up of sustainable workflows, the integration of land data into the UgnLIS and generating the CCO in future from the system. This also requires a reflection on the future role of MZOs, which have been predominantly working on freehold titles and would need a much more active role in the CCO process as well.

## **5. Acknowledgements**

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## Annexes

### Annex A: Customary Land Tenure and customary land registration in Uganda.

The following sets out the key principles and stakeholders involved in customary land registration in Uganda. The 1995 Constitution of the Republic of Uganda vests land in the hands of the citizens, and can be owned under customary, Mailo, freehold or leasehold tenures.

#### A.1. Customary tenure Sec.3 (1) Land Act Cap 227.

##### *Characteristics:*

- (i) Land can be owned by an individual, family, community, or traditional institution. It is owned forever (in perpetuity);
- (ii) It only applies to a specific area and class or group of people. The rules applied are usually derived from customs, norms, and practices and they are accepted by all people.
- (iii) Issues concerning ownership, use, occupation and transaction in land or disputes are resolved using local customs and regulations if these (customs and regulations) are not contrary to the 1995 Constitution.
- (iv) Communal ownership of land is recognized, and communities may form Communal Land Associations for owning and managing such land.
- (v) One can acquire a certificate of customary ownership from the District Land Board as conclusive evidence of customary rights and interests in this tenure.
- (vi) One can apply to the District Land Board to convert the certificate of customary ownership into a freehold title.
- (vii) No transactions of any nature are valid under this tenure unless it is registered by the Recorder;
- (viii) Non-Citizens cannot own land under this tenure.

#### A.2 Land Administration Institutions

The Land Act 1998, (Cap 227) as amended by the Land Amendment Act 2004 and 2010, provides for the institutional framework for delivery of land services. The Act mandates every district to manage its land through a District Land Board, Physical Planning Committee, the District Land Office, Area Land Committees, and the Office of the Recorder.

##### A.2.1. District Land Office

The Land Act Section 59 (6) provides for the creation of District Land Offices, which provides technical services through its own staff or arrange for external consultants to the Board". Today private individuals or firms provide some of the functions of the district land office.

The District Land Office gives technical services and advice to the Land Board and assists the Board in carrying out its duties. It has the following staff:

**The Land Officer** mainly administers and advises the district authority on issues relating to land in the district. He represents the commissioner of land inspectorate and land administration at the district. Protects government land from encroachment and assists in collection of revenue on behalf of the government.

**The physical planner** has to ensure that there is harmony in various interests in land use, cater for the several important social and development activities, plus providing a framework for development decision-making.

**The district staff surveyor** is responsible for showing the size (area or acreage) of land that belongs to or under the jurisdiction of an individual, organization or government. This will help show which land does not belong to an individual, organization or government. This is done by demarcating, planting mark stones, and drawing maps.

Although the section provides for a district land office with 5 technical staff many districts could not attract the 5 staff. Some districts were able to fill or employ 1 -2 staff except Kampala. The Ministry made administrative

changes by introducing MZO's which have all the required staff across the 22 MZO and decentralized the delivery of land services to 22 MZO's.

#### A.2.2. Secretary to the District land Board:

This is a person appointed by the district service commission. Therefore, he/she is a public officer. He or she is responsible for:

- (i) Handling correspondences,
- (ii) Keeping the official files and records,
- (iii) Keeping the official stamp or seal,

#### A.2.3. District Land Boards Sec.56 Land Act Cap 227

A District Land Board is set up in every District in Uganda to manage land. The Board has continuous existence with an official stamp. It can sue or be sued in its names.

#### **Functions and Duties of the DLB Sec. 59 Land Act Cap 227 are among others to:**

- (i) Keep and allocate land which is not owned by anyone in the district.
- (ii) Assist in recording, registering, and transferring of rights or claims in land.
- (iii) Make and keep a list of rates of compensation for the loss or damage to crops, houses, and other property.
- (iv) Do other things connected to its functions.

#### A.2.4. Area Land Committee: S.64 Land Act Cap 227

They are operational at the sub-county and divisional level. They are appointed by the District Council on the advice of the sub-county or Division Council. These committees are comprised of 5 people. The chairperson and 4 other people who work on a part time basis. Members hold office for a period of 3 years but are eligible for reappointment for a further one term, but the council reserves the right to terminate the appointment of any member of the committee for inability to perform functions.

#### **Functions and duties of the Land Committees are to:**

- (i) To advise the District Board on land matters related to ascertaining land rights.
- (ii) Facilitating the acquisition of certificate of customary ownership and certificate of occupancy
- (iii) Any other functions as specified by law.

#### A.2.5. Recorder S.68 Land Act Cap 227

The office of the Recorder has been set up as the sub-county Chief in a rural area, a Town Clerk in a gazette area and Assistant Town Clerk in a city division.

#### **Functions of the Recorder Sec .68(2) Land Act Cap 227**

- (i) To issue Certificate of Customary ownership and occupancy
- (ii) Keep register of such certificates
- (iii) Record of all dealings in customary land.

#### A.2.6. Sub-county Physical Planning Committee S.14 Physical Planning Act.

The sub-county physical planning committee shall consist of the sub-county chief who shall be the chairperson; the district physical planner who shall be the secretary; community development officer, officer responsible for health at the sub-county; officer responsible for agriculture at sub-county and district natural resource office.

#### **Functions of the sub-county physical planning committee are among others.**

- (i) Review CCO applications to ensure that they conform with the physical planning requirements.
- (ii) Initiating the preparation of local physical development plans.
- (iii) Recommending local physical development plans to the district physical planning committee for consideration.

## Annex B: The Self-financing Implementation Cycle

This section describes the detailed steps for the set up and implementation of the self-financing model used in the pilot projects. The diagram below summarises the steps:



### STEP 1. Design Phase

This is the first step in the self-financing implementation process in customary land registration. This phase covers all the preparatory activities, high level agreements and development of field tools, methodologies; clarification of outputs, acceptance processes etc, and includes everything that must be agreed so that when we enter the operational registration phase, everything can just proceed smoothly.

The programme design phase covers the actions specifically listed as prerequisites in Section 3.2. These actions are normally carried out by the programme sponsor (development partner such as GIZ) or a Technical Assistance Team working with the relevant Ministry and other stakeholders. Note that this phase must be completed before any work can start, however it is a one-off initial preparation cost, and the results are applicable to all districts / areas that are addressed by the model.

- a) Initial high level programme design – sets out the overall objectives. Preparation of detailed work plans etc. This is normally carried out by the DP team) GIZ in this case), consultants, MLHUD.
- b) Agreement covering which areas to be included - agreement with district leaders.
- c) Preparation and testing of manuals for registration and field procedures, adjudication, data processing, dispute resolution, gender, and social inclusion processes. back-office preparation etc.,
- d) Preparation of IEC materials – materials for community awareness on importance of land rights protection, benefits of registration, processes of CCO registration and associated costs so that community members are made aware of how much they are supposed to pay, etc.
- e) Preparation of field data capture IT system, customised for the Uganda CCO and in line with Ministry guidelines: output is digital data suitable for entry to the UgNLIS, System must be tested and operational.

### STEP 2. Initiate implementation in a new area

This phase includes all the activities connected with starting work in a particular area, carrying out the registration activities in a systematic manner, and concludes once the relevant data has been accepted and entered into UgNLIS for management and future updating (see figure two). A key activity here is the initial training and capacity building of the district, sub-county staff and the community members who will be involved in the process, including the Recorder, parish chiefs, CDOs, clan leaders, religious leaders, ALCs, etc.



## Initiation of activities

The phase begins once the Design phase is completed. It assumes that the field methodology has been developed tested, procedure manuals are available, high-level agreements are in place, including the inclusion of CCO data into UgNLIS, and that there are field support tools developed and tested that support the capture of spatial and non-spatial CCO data in the field.

- **Initiation of activities at district level**

The following preparation activities are carried out at the district level.

**Initial district orientation and preparation:** A series of meetings are held to introduce and explain the model to both the political and technical staff; its benefits, how it will work, and the roles and responsibilities of the different parties, agree on District – SC arrangements i.e. which sub-county(s) the implementation will begin from, acquisition of imagery, equipment and setting/approval of fees to be paid by customary land owners to facilitate land registration as may have been proposed by the sub-county council(s). This step is complementary to the preparatory phase stated in 3 above.

- **Initiation of activities at sub-county level**

Preparatory/kick-off meetings with the sub-county technical and political staff are held to introduce the model and agree on how to proceed with the implementation. The following preparation activities are carried out.

a) **Training of stakeholders.** This is general training of the specifically mandated land service provision structures i.e., ALCs, Recorder and other technical staff (CDO, parish chiefs, Agric officer, accountant etc,) in land administration and process of customary land registration. It is advisable for the LC3 councilors to attend the first day of the training for them to have general knowledge since community members trust them. This training is usually for 3 days delivered by District land office staff who are trained as trainers who may include District Senior Land management Officer, District Staff Surveyor, District Physical Planner and District Natural Resources/Environment officer.

- **Day 1: Topics:** Policy and legal provisions in customary land management, Physical planning, Introduction to self-financing and Natural resource management and the family land rights tree.
- **Day 2: Topics:** Roles of land management institutions in customary land management, anticipated challenges, Field equipment, Inspection report writing and sketch map drawing.
- **Day 3: Topics:** Land Registration standard forms practical filling and action planning.

It should be noted that there should be a separate ADR training organized by the sub-county of selected village leaders (LC1's, clan leaders, religious leaders etc.,) whole will be community mediators.

b) **Training of select sub-county technical staff on the use of the mapping equipment.** Sub-county staff (parish chiefs or CDO) with IT knowledge are then taken through a two-day training on the use of CRISP software and mapping equipment. The trained persons will then work with the ALC during land mapping, collecting both persons/social information and spatial data. The idea is institutionalizing the process other than hiring non-sub-county staff that may require additional pay hence enabling cost reduction in land registration.

c) **Supply of initial equipment to the Sub-county Recorder office.** An existing sub-county HQ room is designated as the SC Recorders office, and it has some basic refurbishment installed. This will now be the office coordinating and managing the activities at the SC level. includes the following equipment.

- Windows Tablet plus charger, electricity for charging

- printer
  - desk, filing cabinets etc.
  - recorders stamp etc
- d) **Supply of equipment to the ALC.** The ALC receives the field equipment from the District and SC ALC members receive training in its use. Training is delivered by the trained trainers at District/Ministry.
- e) **Setting up of equipment.** Once the ALC have received the equipment and have been trained, then the project is set up on their equipment (initial clusters, digital imagery, basic identifiers, village boundaries, flagging of existing freeholds etc). This is coordinated by the district staff surveyor / GIS Officer.



*Photo1: MZO staff training on physical planning*



*Photo2: Technical staff doing practicals on equipment use.*

### STEP 3 Sensitization activities

This is the beginning of the field work in each cluster of villages (in this model it is proposed that a cluster consists of three villages). This is the first of the registration activities to be initiated at cluster level, and so the activities are coordinated by the sub-county technical staff that the **SC Recorder** heads, **chair of the ALC** in cooperation with the political leaders and other community local government and traditional structures. The following preparation activities are carried out:

- a) **Village level sensitization meetings in clusters of 3 village at a time.** These public awareness sessions are organised in those villages where the registration team will work. The SC Recorder, technical staff (parish chiefs, CDO etc.), ALC Chair, LCs, LC3 with support from the SLMO holds information meetings to inform village households about the registration process. *It is important to note that this activity is entirely done by the sub-county leaders whose capacities have been built and reference information materials provided.*



*Photo3: A community member asking LC3 a question on women land rights.*



*Photo4: SACAO & LC3 of Bululu sensitizing community members on land registration.*

- b) **Public awareness at village level.** This activity is the continuous sensitisation and includes distribution of information materials, local (free) radio spots obtained through the office of the Resident District Commissioner (RDC), the establishment of an information point in the village and the promotion through the existing village-based mechanisms – including the local church, school, local NGO, village meetings, etc. No direct costs here as the work at village level is being done by existing village level institutions in preparation for the registration process.

#### STEP 4: FPIC Field processing of claims/mapping

This is broadly “Mapping with Free, Prior and Informed Consent” activity and also includes an additional village map public display stage after the mapping and claim collection process is completed. It includes the systematic capture of spatial boundary data and the non-spatial CCO registration data, including the claimants and property details etc. It takes place within a cluster of villages. All households who have indicated they would like to obtain CCO have their land inspected, boundaries recorded, and the claimants’ details recorded using the field-based tablets and GNSS devices. The activities are coordinated by the **chair of the ALC** in cooperation with the **SC Recorder**.

**Activities:** The following preparation activities are carried out:

- a) **Initial inventory and application list.** The SC Recorder instructs the ALC team that they can start work in a cluster. The ALC then coordinates the activity at this level. ALC undertakes initial inventory and initial list of applicants in the cluster who wish to apply for CCO.
- b) **Initial payments received and public notice made (14 days).** Applicants who have declared interest make an initial payment and the public notice is displayed locally for 14 days. Payment is made to SC accountant who issues receipt.
- c) **Mapping and Data Capture.** ALC works cluster by cluster as follows: -
- The ALC team systematically moves through village / cluster and maps/inspects all required parcels, collects attribute data for Land Inventory Protocol (LIP) or equivalent using a tablet. This is done in adherence to the social practice of planting boundary marks using traditionally recognized trees at the points where coordinates are captured. Below are some of the recognized boundary trees in the greater Eastern and Northern regions. They serve as boundary markers at the points where boundary coordinates have been captured.



*Photo 5: Euphorbia tirucalli/Pencil Cactus' tree)*



*Photo 6: Jathropa curcas/Physic nut)*

- A new applicant may emerge and ALC will help them complete application forms.
- ALC/mapping team indicates when registration/mapping of applications in a village and informs Recorder before moving to the next cluster/village.
- Note that additional villagers may apply for registration if they wish to submit application to ALC and then they arrange to pay separately at SC accountant.



It is thus essential that the applicants must provide the following requirements prior to the day of inspection/mapping to quicken the process of land registration:

- 3 Passport size photos for each applicant
- 3 Photocopies of National IDs for each adult
- 3 Photocopies of birth certificates/baptism cards for each minor

To complete the inspection process, the ALC must ensure that:

- Form 23 is dully filled, signed by applicants, neighbours and 3 adult witnesses.
- Sketch map is drawn in form 23.
- Attendance list of all present during the inspection is attached.
- The inspection report is prepared.



*Photo 7: Community members inspecting and demarcating land boundaries in Okungur sub-county.*

- d) **Display of all claims/village maps and objection period.** All parcels captured are subject to public display showing the parcels on an index map overlain over digital satellite image/orthophotos and listing the claimants. The ALC submits its mapping data to the office of the SC Recorder. The District Staff Surveyor / GIS officer then includes all parcels into a single layer and prepares: -
- spatial overlay for public display
  - list of all land parcels and claimants (alphabetical by name).
  - a public display map and list of applicants that is printed by the Office of the DSS.
- Public Display is initiated, and village chairperson can receive any complaint or objections (has an objections book to register any requests for corrections etc). Public display is for at least 2 weeks.
- e) **Process any objections.** Any objections recorded are investigated initially by ALC, and if not resolved then are referred to the mediation committee at the village level, and if still not resolved can be escalated further.
- f) **ALC Reporting.** On completion, the ALC makes a short report on its actions for each file when complete and submits to SC Recorder in preparation for the sub county physical planning committee meeting and DLB approval.

**On completion** of the Field Processing stage, all claimants who wish to obtain CCO will have had their parcels mapped, details recorded, and all data is held digitally, ready for passing to the ScPPC and DLB for approval and finalisation.

#### STEP 5: Certification/Verification

This includes the finalisation of all claims, preparation for the physical planning review, DLB sitting and preparation and printing and signature of the CCO certificates. This takes place under the overall authority of the SC Recorder and the DLB Chair, the initial activities take place under the coordination of the SC Recorder, who receives the output from the ALC (Field Processing Claims, step etc). The



DLB chair takes over responsibility once handed to the DLB for review and approval; SC Recorder oversees final payment before issuing a CCO.

**Activities:** The following preparation activities are carried out: -

- **Prepare Documentation for the Sub County Physical Planning Committee review and DLB Approval.** All applications and a summary spreadsheet are prepared for the ScPPC and the DLB review and approval. The LIP (or equivalents) is ready in digital form and large-scale index sheets showing parcels (from public display are also available). It is organised and processed by cluster. This is done by a designate technical staff at the sub county who works closely with the ALC, this may be a parish chief or CDO.
- **Sub County Physical Planning Committee Review.** The subcounty PP committee verifies all the applications to ensure that a) easements and common property resources are protected, b) there is accessibility to the piece of land being applied for, and c), protection of natural resources is respected. An application that meets the above requirements is then forwarded by the recorder to the DLB for approval.
- **District Land Board Review.** The DLB receive the applications and it has access to the original applications submitted in the field. They receive, review, and approve. Approval is formally recorded in DLB minutes.
- **Prepare CCO and sign.** Based on the results of the DLB review, the recorder prepares and prints s CCO ready for issuance to landowners. However, it should be noted that discussions are underway with the ministry to have CCO printing done at the MZO.
- **Applicant pays fee to the recorder;** The applicant is notified and then the final fee is paid to the SC Recorder and CCO is collected. **See Annex 1, digital CCO.**

**On Completion** of this stage, all eligible CCO applications that have passed the review and verification stage are approved by the DLB; CCO are printed; fee payment is finalised, and the CCO is collected by the Applicant.

#### STEP 6: Digital Preparation

The data that has been generated through the registration campaign is now prepared for entry to the UgNLIS. The data is reviewed by the DSS before handover to the MZO. This activity takes place under the overall authority of the **District Staff Surveyor**.

The data should already be in a digital form which is acceptable due to the agreements on format, content, structure etc established at the programme Design stage. The DSS will be required to do a final check of the content - all required fields are present, data is consistent, accuracy is acceptable. Once the checks have been done, the data is ready for handover to MZO. **On Completion** of this stage the data will have been subject to both spatial and nonspatial checks of accuracy and content and be ready for handover to the MZO.

#### STEP 7: Data Integration into UgNLIS

A Land Information System is generally understood as a management tool designed to manage all aspects of land for purposes of achieving efficient control of land. In that regard, the Uganda government developed a computerized Uganda National Land Information System (UgNLIS) that has brought on board, and in one platform all the processes and procedures of land administration that culminate into the registration of land rights and issuance of certificates of titles in the different tenure systems in the country (Mailo, Freehold and Leasehold).

## Annex C: Women land rights in Uganda

The 1995 Uganda Constitution heralded far-reaching policy and legal reforms aimed at securing women's land rights, advance gender equality and women's empowerment. First and foremost, where the principles of non-discrimination, gender equality and women's empowerment enshrined in the policy and legal frameworks. Specifically, in:

- (i) **Article 21 of the 1995 Constitution of Uganda:** all persons are equal before the law in all spheres of political economic, social and cultural life and in every other aspect and shall enjoy equal protection of the law
- (ii) **Article 31 (1)** of the Constitution entitles women and men to equal rights during and after marriage.
- (iii) **Article 32** of the Constitution provides for affirmative action in favour of groups marginalized on the basis of gender, or any other reason created by history, tradition or custom.
- (iv) **Article 33(4)** states that the state shall provide facilities and opportunities necessary to enhance the welfare of women to enable them to realize their full potential and advancement.

While the Constitution provides for gender equality, it does not specifically or explicitly recognize women's land and property rights. The Land Act Cap 227 contains several provisions that provide for security of tenure and safeguard the land rights of women and children, and these include;

- I. **Section 28** outlaws discrimination against women and children in respect of ownership, occupation and use of any land.
- II. **Section 39** requires mandatory consent by spouses to transactions involving matrimonial land (where the family ordinarily resides) and land from which the family derives sustenance.
- III. The Land Act also provides for mandatory representation of women on land tenure governance institutions as follows.
  - a) Uganda Land Commission: at least one female member out of 5 members. **(S. 47(4))**
  - b) District Land Boards: one third of the membership must be women. **(S. 57 (3))**
  - c) Area Land Committees: at least one third of the membership must be women (out of 5) members. **(S.65 (2))**
  - d) Communal Land Management Associations: at least one third female members. **(16(4) (b))**

# Recognizing improved land tenure security as a co-benefit in forest carbon projects.

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## **There is a high demand and urgency for high-quality, high-integrity carbon credits**

Markets for nature credits and carbon offsets are expanding rapidly, creating a pivotal moment for forest conservation and climate action.

Some estimates indicate that the carbon market alone could reach \$50 billion by 2030 and \$4 trillion by 2050 (Adams, Winter and Nazareth, 2021).

Global targets for forest conservation are significantly off track (Forest Declaration Assessment, 2023) and forest carbon credit markets are facing increased scrutiny and waning public trust surrounding concerns of measurement inaccuracy and infringements on the rights of IPLCs

Buyers have become more wary of association with low-integrity credits, and there is growing demand for 'high-quality' credits, and mechanisms to verify integrity



## What determines high-quality, high-integrity credits?

Credits derived from projects with 'co-benefit' impacts including sustainable development, biodiversity and livelihood components carry a premium price

Projects with at least one co-benefit certification had a 78 per cent premium in 2022 and projects aligned with the UN Sustainable Development Goals (SDGs) showed a significant price premium, 86% higher than projects not linked to SDGs.

<b>Environmental</b>	<b>Social</b>	<b>Economic</b>
<ul style="list-style-type: none"><li>• Air quality</li><li>• Biodiversity</li><li>• Water</li><li>• Soil protection</li></ul>	<ul style="list-style-type: none"><li>• Improved public health</li><li>• Energy access</li><li>• Gender equality</li><li>• Community engagement</li></ul>	<ul style="list-style-type: none"><li>• Job creation</li><li>• Education opportunities</li><li>• Inclusive economy</li><li>• Technology transfer</li></ul>

**A number of recognized carbon standards issue co-benefit certifications, although none yet issue specific land tenure security co-benefits.**

	Gold Standard	VCS	SD VSta	CCB
Markers to designate projects with sustainable development impacts	Renewable Energy Certificates Only	No	Labels Only	Yes
Generation of tradable standalone SDG assets	Yes	No	Assets Only	No
Contributions to sustainable development	Yes	Yes	Yes	Yes
Clear methodology for quantifying & monitoring each sustainable development impact	Yes, to Varying Degrees	No	Assets Only	No
Rigorous auditing of sustainable development outcomes achieved	Yes	No	Yes	Yes
Specific measures for benefit sharing	No	Yes	No	Community Gold Only
Theory of change for assessing impacts	No	No	Partially	Yes

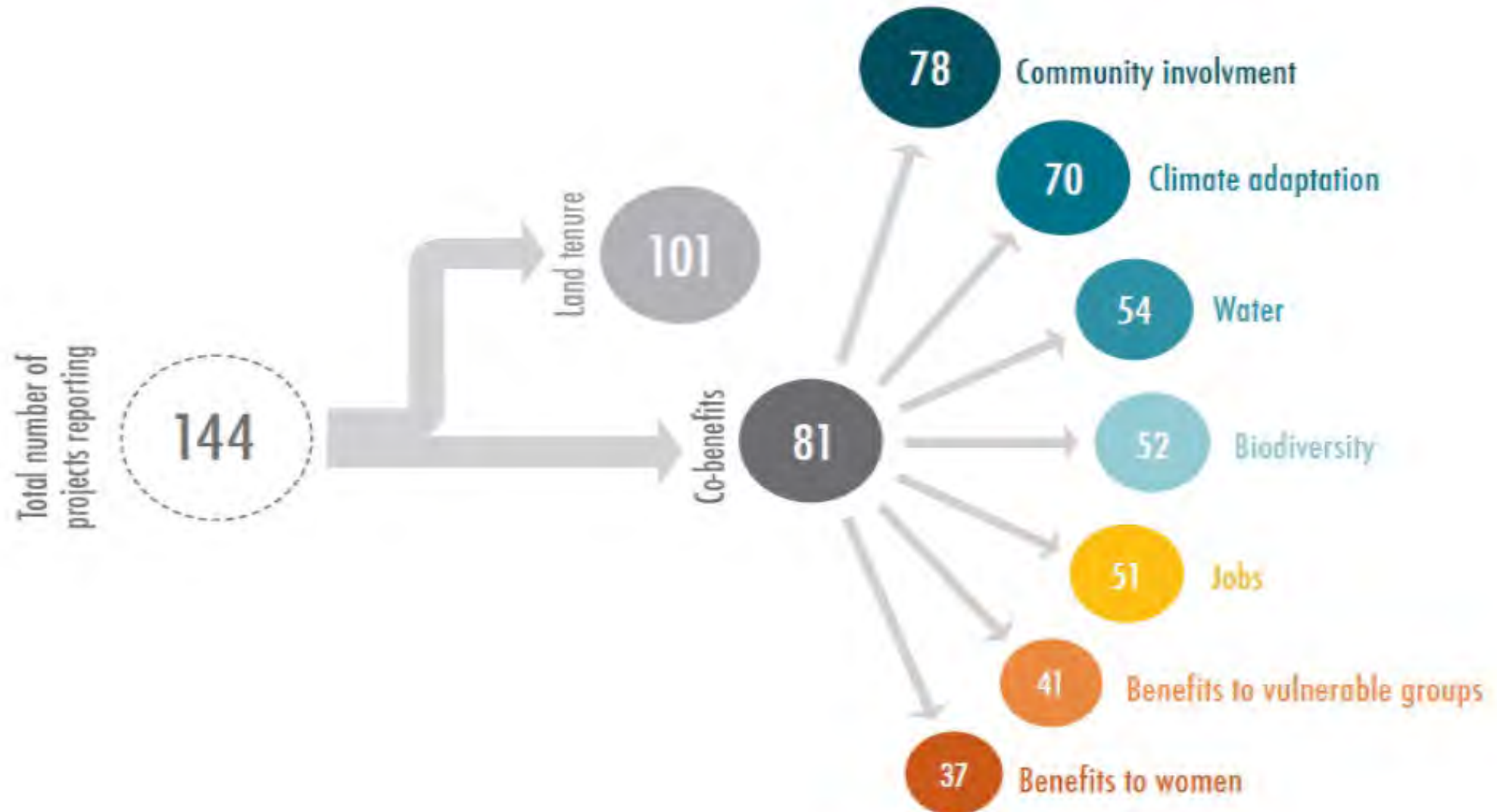
Figure 2: (Hamerkop, 2023)

**Recognizing the strengthening of land tenure security as a specific co-benefit with an underlying standardized methodology has significant potential.**

It can mitigate risks to forest carbon projects, underpin the achievement of broader co-benefits and provide an additional financing towards achieving global land tenure security goals, including the achievement of SDG 1.4.

Initiatives in this direction also have potential to add to global efforts to channel funding directly to Indigenous Peoples.

**Analysis of 144 carbon project showed 101 had land tenure co-benefit, but it is not recognized**





# **There are multiple pathways for tenure strengthening—and financing of land rights--as a co-benefit in forest carbon**

Establishing land tenure security as a recognised co-benefit under the Gold Standard, utilizing SDG indicator 1.4.2.

Establishing transparent and appropriate criteria for a land tenure security co-benefit.

Demonstrating clear financing modalities for land tenure security through forest carbon markets

Identify mechanisms to channel funds for regional/jurisdictional level impact.

**Thank you for your interest!**

Malcolm Childress, Global Land Alliance

Kate Fairlie, Land Equity International

Rory Read, Global Forest Futures



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**Developing Rural Land Registration  
Incentive and Benefit Mechanism and  
Improving Urban Cadastre in Ethiopia**

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## **Abstract**

Access to land and its proper management is crucial for sustainable development, economic and social progress, environmental security, human rights realization, and peace and stability. In Ethiopia, land is recognized as a constitutional category, with ownership vested in the state and the people. Land administration in Ethiopia is facing significant challenges, due to the absence of an integrated land policy and the institutional dualism of urban and rural land tenure. The rural land registration programme is designed to be inclusive and participatory, highlighting the benefits to individual citizens. The programme has resulted in wider benefits, including increased agricultural income tax and land rent, as well as improvements in land-based investment and productivity. The rural land registration programme has demarcated over 30 million parcels, with a certificate issuance rate of 74%. Whereas urban land registration is still in the early stages of development, with only about 20% of urban land in the country registered according to the Ministry of Urban and Infrastructure Development (MUID). The proposed Revenue Enhancement and Cadaster Improvement (RECI) programme for urban centers aims to improve the quality and availability of land administration data to increase domestic land-based revenues, benefiting the city through improved land records, transaction processing, urban development control, and transparent land markets. The study recommended the adoption of a theory of change that ensures financial sustainability of the land programmes. This approach will help to identify key factors that may impact financial sustainability and develop strategies to mitigate risks. Incorporating financial sustainability as a goal will ensure that land projects are not only environmentally and socially sustainable but also financially viable in the long term. The paper revise recent developments to date and highlights findings from a recent study on increasing the financial sustainability of the rural and urban land sectors.

**Key words:** Land administration, incentive, benefit, land registration, sustainable financing, RECI



# 1. Introduction

## 1.1 General

In recent years, the government of Ethiopia has made an outstanding progress towards improving land governance, specifically through strengthening land tenure rights, improving access to land information and attracting land-based investment, housing, and mining. However, the land programmes have been struggling with shortage of adequate funding and financial sustainability. A financially sustainable model that is based on the current land tenure and administration arrangements, along with community perceptions of land issues is required to be adopted to enhance the importance of land governance for sustainable socioeconomic development. To achieve sustainable financing of land registration and administration, a holistic approach to improving land governance is necessary. This approach requires planning and consideration of how to finance the registration process, how land administration agencies can operate financially, how landholders can benefit and be willing to bear a portion of the cost, and how land-based revenues can be used for community and public benefit. By taking a comprehensive approach, the long-term success of land registration and administration, benefiting both individuals and society, can be ensured.

To ensure accurate financial information, it is crucial to have a comprehensive understanding of the current legal and policy arrangements, institutional structures, and socially acceptable norms. To do so, the consultancy service conducted by iLand consulting UK on behalf of GIZ aims to develop solutions for sustainable financing of land sectors in the context of Ethiopia. A structured diagnostic of the current situation and future possibilities was carried out with relevant Ethiopian institutions including Ministry of Agriculture and Ministry of Urban and Infrastructure Development, building on the existing situation to illicit empirical evidence and policy recommendations for sustainable financing for land registration and administration in Ethiopia.

## 1.2 Methodology

The study was mostly conducted over the period February 2022– May 2022 and the recommendations and follow on actions were updated following additional work in 2023. The methodology considers three main themes:

- legal and fiscal aspects
- social acceptance and public perception (the *demand* side); and
- land administration, service provision and costs (the *supply* side)

and uses six assessment actions that need to be achieved for sustainable financing of land registration and administration (see Table 1)

<b>Thematic stream for analysis</b>	<b>Assessment actions</b>
<b>1. Legal and fiscal aspects:</b> examination of the legal and fiscal framework; barriers to expanding registration and land administration; tax and fee structures and their efficiency, effectiveness, and governance.	<ul style="list-style-type: none"> <li>• Identify relevant issues to improve policy and legal framework.</li> <li>• Assess land-based finance opportunities and revenues.</li> </ul>
<b>2. Social acceptance and public perceptions:</b> perception of the populace and willingness to pay fees, taxes; use of funds for land related action, especially perception of value of registration and identification of benefits.	<ul style="list-style-type: none"> <li>• Assess public opinion and identify existing barriers to change.</li> <li>• Identify, develop, and promote incentives and benefits.</li> </ul>
<b>3. Land Administration, Service Provision and costs:</b> analysis of costs of existing approaches to land registration; estimation of land administration costs.	<ul style="list-style-type: none"> <li>• Develop and deploy registration and land administration systems</li> <li>• Financial analysis of registration and land administration costs</li> </ul>

**Table 1: Methodology for undertaking the Diagnostic analysis**

The fact finding was carried out at federal, regional, city and woreda level and covered both rural land and urban land. Based on the analysis, recommendations for further promoting sustainable financing of land registration and administration in the rural and urban sectors were developed. In the rural sector there is a country wide systematic registration programme ongoing which has already covered perhaps 60% of all the rural parcels. In the urban sector, the situation is more fragmented with municipal and city authorities responsible for their own territories and there is not yet any standard solution in place and the registration lags significantly compared to the rural sector.

This paper reports extracts and the key findings from the more detailed analysis and reporting carried out over the period 2022-2023. and focusses on: -

- a) The incentive and benefits programme of the rural sector: this is of interest as while the systematic registration is proceeding successfully, it is important that landholders complete the process and register transactions. Hence, they must see real benefits in using the land administration services. The Rwanda experience shows that fee income can grow strongly with increased transactions and can provide strong cost recovery of service provision.

- b) Developing a model for increasing cadastre coverage and land-based revenues in the urban sector. There is strong interest from the Government of Ethiopia to increase domestic revenue generation and a significant source of revenue is the urban land lease, however the urban cadastre does not fully cover all properties and have information in a suitable form to manage land revenues. The model put forward proposes a pilot project at city level.

The paper presents a summary of the diagnostic findings, including a brief overview of land administration in Ethiopia, and then, for convenience and readability, presents the rural and urban cases separately.

## **2. Background - Land administration in Ethiopia**

### **2.1. Land tenure arrangements**

Land is a crucial element for sustainable development, social and economic progress, peace, and stability, as well as the realization of human rights. In Ethiopia, land is considered a Constitutional category. The ownership rights of land and natural resources are vested with the state and the nation, nationalities and peoples of Ethiopia, as stated in Article 40/3 of the Constitution. Additionally, the article provides that land cannot be subject to sale or other means of exchange, which means that both urban and rural land cannot be owned privately, although the property right is permitted. Citizens have the right to own private property, which is defined as any tangible or intangible product that has value and is produced by an individual citizen, community, or association with a judicial personality under the law, as specified in Article 40/1/2. The Constitution also recognizes the full right to immovable property and permanent improvements made on one's land, including the right to alienate, bequeath, transfer the title, and when the right of use expires, to remove the property, transfer the title, or claim compensation for it under Article 540/7. Farmers and pastoralists in Ethiopia have the right to get land for cultivation and grazing without payment and have the right to be protected against eviction and displacement. On the other hand, investors have the right to acquire land based on payment, as stated in Article 40/4/5/6. The government has the right to expropriate both urban and rural land if it is needed for public purposes, subject to the advance payment of compensation equal to the value of the property in question, as specified under Article 40/8. According to the Constitution, the federal government is responsible for enacting policies and laws related to the use of land and other natural resources under Article 51/5, while regional states are authorized to administer land and other natural resources in compliance with the federal laws under Article 52/2/d.

Ethiopia's land tenure system differs for urban and rural land, with separate laws in place for each. The Rural Land Law Proclamation No. 256/2005 governs rural land administration, with regional states responsible for implementing policies and mechanisms for rural land use. The federal government coordinates rural land issues through the Rural Land Administration and Use Lead Executive (RLAULE). On the other hand, the urban land leasing system is governed by Proclamations No.721/2011, which mandates lease as the only means of acquiring urban land. The Land and Cadastre Lead Executive Office under the Ministry of Urban and Infrastructure Development (MUID) governs urban land administration, with city municipality-level land administration bureaus implementing policies at the local level.

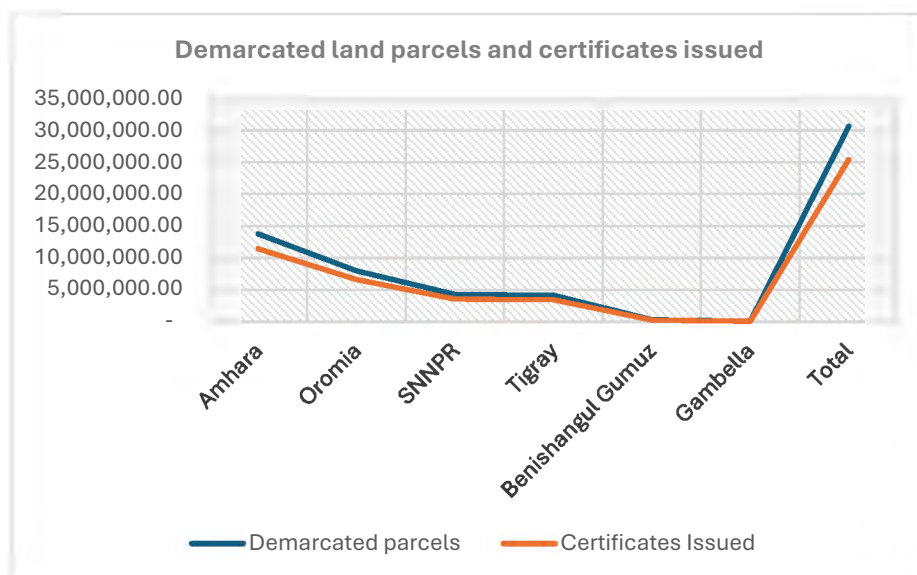
## **2.2. Status of land registration**

### **2.2.1. Rural land registration**

By 2010, the first-level land certification had been implemented for most rural landholders in regions of Tigray, Oromia, former SNNPR (Southern Nation, Nationalities and Peoples' Region) and Amhara regional states. The landholders were provided with a land holding book which listed parcels and identified land holders but there was no spatial identification of the parcels. It is estimated the completion rate exceeded 97% of all rural parcels.

A fit-for-purpose (FFP) orthophoto based methodology for Second Level Land Certification (SLLC) was successfully tested in seven locations across five regional states between 2011 and 2013 with support from REILA (Responsible and Innovative Land Administration) project. The SLLC includes a spatial definition of the parcel. The REILA, LIFT (Land Investment For Transformation) and CALM (Climate Action through Landscape Management) programme have assisted the Government of Ethiopia to demarcate about 30 million rural land parcels with a certificate issuance rate of 83% (See figure 2.1). Also, efforts have been made to improve management of rural land records through developing a robust and scalable information system. To this end, the National Rural Land Administration Information System (NRLAIS) was being progressively developed and deployed to districts/woredas where SLLC registration programme have taken place, currently containing over 15 million parcels data.





**Figure 2. 1: Total number of demarcated plots and certificates Issued**  
 Source: 2020/21 Annual Report, Rural Land Administration and Use Lead Executive (RLAULE)

The digital data migration into the NRLAIS has been completed in 217 woredas and more than 116,566 transactions have been recorded in Amhara, Oromia, and SNNPR (see table 2.1). Although these transactions currently account for only around 1% of the parcels, it is believed that there are other transactions taking place that are not being recorded. RLAULE is currently working on addressing the reasons behind this, such as the novelty of the system for landholders, certain transaction types not being included yet, and land offices still adjusting to carrying out transactions. However, it is believed that the number of transactions will increase significantly as people become more familiar with the system and its benefits.

Transaction types	Amhara	Oromia	SNNPR	Total
<b>Boundary correction</b>	185	430	332	<b>947</b>
<b>Divorce</b>	515	461	63	<b>1039</b>
<b>Ex-officio</b>	7565	6033	6066	<b>19664</b>
<b>Exchange</b>	685	50	15	<b>750</b>
<b>expropriation</b>	266	93	103	<b>462</b>
<b>Inheritance with will</b>	492	666	278	<b>1436</b>
<b>Inheritance without will</b>	6244	2356	194	<b>8794</b>
<b>Gift</b>	7562	1654	956	<b>10172</b>
<b>Merge</b>	952	35	48	<b>1035</b>
<b>Split</b>	35	22	57	<b>114</b>
<b>Reallocation</b>	3	0	0	<b>3</b>
<b>Rent/Lease</b>	1154	1272	187	<b>2613</b>
<b>Certificate replacement</b>	12196	6295	11963	<b>30454</b>
<b>Simple correction</b>	4620	17127	8930	<b>30677</b>
<b>Special case</b>	503	780	423	<b>1706</b>
<b>Marriage</b>	11	71	108	<b>190</b>

<b>Mortgage Registration</b>	313	3980	1527	<b>5820</b>
<b>Mortgage Amendment</b>	1	158	0	<b>159</b>
<b>Mortgage cancellation</b>	12	325	194	<b>531</b>
<b>Total</b>	<b>43,314</b>	<b>41,808</b>	<b>31,444</b>	<b>116,566</b>

*Table 2.1: Transactions recorded in the rural sector in NRLAIS by region and transaction type  
Source: RLAULE, December 2021*

## 2.2.2 Urban land registration

Land administration in the urban sector is overseen by the Ministry of Urban and Infrastructure Development (MUID) and executed through the land administration office at the city/municipality level. At the department level, there are multiple entities with overlapping responsibilities for urban land administration. Land-based revenues include payments for land leases, old city land rent, roof tax, transaction fees, and stamp duty on the sale of built-up property. Since land cannot be bought or sold, the only way to acquire land in the urban sector is through land allocation or auction by the municipal authority after expropriation. Mortgages can be obtained for urban properties (buildings).

The registration of urban land is governed by Proclamation No. 818/2018 which aims to certify rights through registration and sets out the intention to establish a legal cadastre covering all urban centres across the country following the adjudication and registration of the urban land.

The cadastral survey can be initiated by either a land use right holder or by the land registration office. Systematic adjudication is carried out in areas where a neighbourhood is declared as an adjudication area. Once this is done, land users or claimants are allowed and expected to submit their applications within 10 days of the announcement. The work is undertaken in manageable adjudication sectors, which are defined as comprising 5 adjudication neighbourhoods, each covering no more than 200 land parcels. This means that the adjudication sector is limited to 1,000 land parcels, and this is a common practice all over the country where adjudication is undertaken. Once the neighbourhood is designated as an adjudication area, sporadic adjudication intervention will not be conducted in that specific neighbourhood until the systematic process is completed.

No.	Region	City/Town	No. of parcels	Total registered parcels (%)
1	Amhara	Bahir Dar	96,000	10
		Gonder	97,559	3
2	Oromia	Adama	117,683	66
		Sheger	222,438	65
		Bishoftu	64,304	65
3	Central Ethiopia	Hossana	82,000	11
		Butajira	20,200	28
4	South Ethiopia	Wolayta	70,000	8
		Arba Minch	59,500	18
5	Sidama	Hawassa	72,000	9
		Yirgalem	16,000	20
6	South-West Ethiopia	Bonga	20,200	7
		Mizan	15,601	10
7	Addis Ababa	Addis Ababa	700,000	64
8	Harari	Harar	28,526	27
9	Dire Dawa	Dire Dawa	76,000	22
10	Somalia	Jijiga	114,850	11
<b>Total</b>			<b>1,872,861</b>	<b>43</b>

**Table 2.2: Urban land registration statistics of the major cities and towns**

**Source:** Land Management and Cadastre Lead Executive, MUID, 9-month report 2016 (Ethiopia Calendar)

The systematic adjudication process is conducted by public officials, although there are plans to allow private companies and experts to be involved in cadastral activities. The current parcel registration figures of major cities and towns are provided in Table 2.2, and the total registration progress in the country, already accounting for about 20% of the urban parcels according to the information obtained from MUID. It is important to note that the figures include the registration of apartments, which accounts for the higher totals, especially in the case of Addis Ababa. Moreover, land registration is being carried out in 96 urban centers, showing a considerable level of progress. However, systems are only partially developed with limited property data registered and most are not easily accessible, negatively affecting effective decision making and policy setting process.

## 2.3. Findings – legal and fiscal aspects

### 2.3.1. Identifying issues to improve the policy and legal framework

The most significant problems are the lack of an integrated land policy and legal framework, the separation of urban and rural land tenure, and the related institutional arrangements and

operational weaknesses of the land sectors. Land administration is fragmented, with the urban and rural systems having different tenure regimes and being under the control of entirely different institutions with different laws and procedures. This institutional dualism complicates land administration and exacerbates the transfer of rights from rural to urban areas. It also actively contributes to the acceleration of informal settlement around cities and towns, where there is a clear gap in institutional and policy support. Access to land administration is also a challenge, as it is not clear to the public which institution is responsible for which land, or for transferring land rights from one system to another.

The rural land registration programme has made significant progress, with an accepted methodology and a national system to manage the land administration data. The situation in the urban sector is much less clear with overlapping and conflicting institutional and departmental responsibilities, poor data coverage, and a lack of standardized systems across the urban domain. Furthermore, frequent staff reshuffling, ongoing organizational restructuring and frequent changes of office heads have weakened the urban land administration institution and its service provision. Problems in peri-urban areas are more severe due to the lack of a simple tenure conversion mechanism, which restricts supply to the urban domain and accelerates informality. It is anticipated that landholders will face expropriation by urban authorities at some point to feed land allocation.

### **2.3.2. Assessing land-based finance opportunities and revenues**

Ethiopia has a variety of land-based revenue sources such as taxes, transaction duties, land lease income, and land-based agricultural income tax. These revenues are classified as state or municipal revenue, with land-related revenues distributed under state and municipal revenue sources and classified as tax and non-tax revenues<sup>1</sup>. The most significant land-based revenues in the rural sector are the agricultural income tax and the land use tax, and in the urban sector it is the land lease. These are briefly summarised below.

#### **i) Rural land use fees and agricultural income tax**

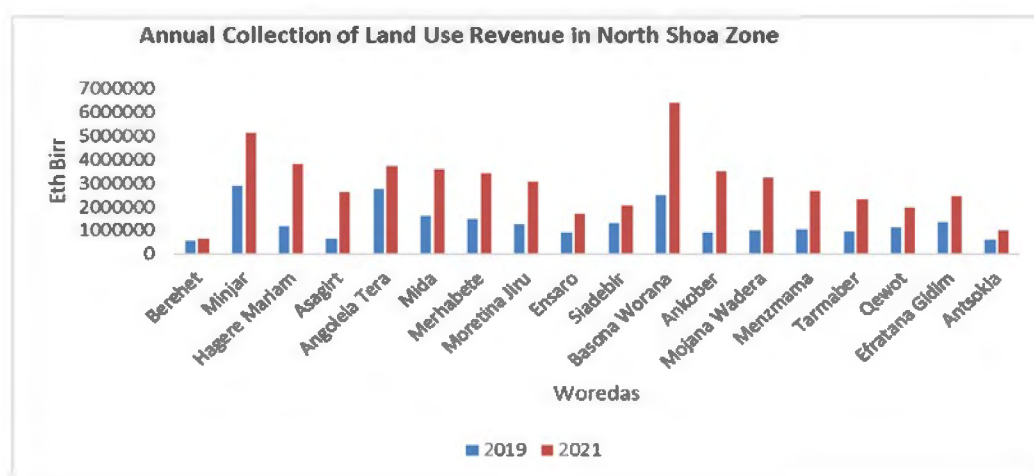
Rural households are subject to two major annual tax payment schemes: the rural land use fee and the agricultural activities income tax. These assessments are based on the total land area owned by the household. It is important to note that the agricultural income tax is the only tax entirely decentralized to regional governments. Efficient collection of fees and taxes

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<sup>1</sup> See WP4: GIZ Study on Sustainable Financing for land registration: Final Report: Recommendations and Options: Ethiopia



related to land use and agricultural activities requires complete and up-to-date information about households and parcel sizes. Regional states are responsible for this task through their respective proclamations and established Revenue Bureau. The study found overall contribution of the agricultural income and agricultural land use tax ranges between 2-4% of total domestic revenue (ref: Amhara, SNNP data). In the year 2020/21, the total rural land use and agricultural income tax for Amhara was around 250 million ETB (approximately 4.5 million Euro); around 320 million ETB for Oromia and 68 million ETB for SNNPR. The completion of Second Level Land Certification (SLLC) in certain areas has resulted in an increase in agricultural land use fees and income tax for the woredas. The case of North Shoa Zone in Amhara illustrates this well (see figure 2.2 below). The zone has 18 rural woredas and total income from rural land use fee has increased by 60% between 2019 and 2021.



**Figure 2.2: Annual collection of Land Use Revenue, North Shoa Zone, Amhara 2019, 2020**  
(Source: Amhara land Administration and Use Bureau, 2022)

## ii) Urban land lease revenues

The revenue offices in each city administration are solely responsible for collecting land lease payments, including the down payment and subsequent annual payments as agreed upon by the contracting parties, in strict accordance with regional regulations. The city administration or municipalities must promptly inform the revenue authorities of the payment amount and schedule. It should be noted that lease income is not payable on existing permit-held possessions. The lease system has introduced the concept of market value for the use of urban land and has provided a significant source of revenue for municipalities. However, the systems for lease management and revenue collection can be optimized by improving institutional capacity, coordination, and administration. Moreover, the urban land registration

and cadastral system progress is significantly hindered, resulting in a lack of revenue collection. Despite these problems, land lease is often the largest single component of municipal revenue (See Table 2.2). In the case of Addis Ababa, the total lease revenue collected during the three years 2017/2018 to 2019/20 is around 7.3 billion ETB (142 million Euro) which is equivalent to 6% of the total domestic revenue collected in the city. Bahir Dar mobilized lease income of around 670 million ETB, which is 15% of the overall domestic revenue collected. In Addis Ababa and Bahir Dar, a total of 37% and 58% of municipality revenue is from land lease in 2019/20 (see table 2.2).

Year	Domestic revenue (Billion ETB)	Municipality revenue (Billion ETB)	Urban land lease revenue (Billion ETB)	Land lease as % of municipal revenue
<b>Addis Ababa</b>				
2017/18	30.6	4.9	2.40	49%
2018/19	38.9	5.9	2.6	44%
2019/20	43.4	6.3	2.3	37%
	<b>112.9</b>	<b>17.1</b>	<b>7.30</b>	<b>43%</b>
<b>Bahir Dar</b>				
2017/18	1.3	0.36	0.2	56%
2018/19	1.5	0.37	0.17	46%
2019/20	1.6	0.52	0.3	58%
	<b>4.4</b>	<b>1.25</b>	<b>0.67</b>	<b>54%</b>

**Table 2.2: Land lease and city revenues: Bahir Dar:** (Source: Computed from the regional revenue reports)

Other sources of revenue include city house tax, city land rent which typically amount to 3-4% of total annual municipal revenue, however most cities lack the infrastructure and systems to easily administer these taxes, and in many cases they remain unpaid.

## 2.4. Findings - Social acceptance and safeguards

### 2.4.1. Public opinion

#### Public opinion – rural land

A well-documented approach exists for registering rural land and the system is in place to manage registration data and effect changes. In areas where land registration programmes have been completed; the perception of tenure security is high; awareness of land rights has increased, and a greater percentage of women identified as coholders. Most citizens do not question the basic ideology that land is owned by the state, with occupation rights being assigned at the kebele (lower administration) level. At this level, land is seen more as a common resource, shared among

community members, but individually occupied and farmed by those members. Transferring land outside of the community or selling it is not easily possible. In this country, possession of land holdings is not directly associated with disposable wealth, as land cannot legally be bought or sold. This unique characteristic sets it apart from many other countries.

When questioned about the willingness to pay for completing first registration, there were two viewpoints reported:

- Many people know the government has funded FLLC and SLLC, and consider it is only fair and democratic if they continue to do so for all citizens.
- Where people are exposed to existing rural registration programme and they have heard about benefits that people can obtain, then they would be willing to make a financial contribution.

In the rural sector, where people are aware of specific benefits, there seems to be an acceptance and willingness to contribute to the costs of registration.

There has been little research on willingness to pay for updating, although fees for services are now being practised in Amhara and are being implemented smoothly, while the Oromia region has drafted a new regulation to start introducing fees. Recent analysis of the fees collected in Yilmana Densa woreda office in Amhara region shows that some ETB 263,000 (around 5,000 euro) has been collected from around 3,500 transaction applications. There are around 100,000 households in the woreda so this projects to an annual revenue of 10,00-20,000 Euro per year, assuming 3-6% annual transactions of all types.

### **Public opinion –urban land**

In the urban sector, most people on lease or permit-hold properties do not feel secure in their properties. Most have some historic documentation, even if it is not up to date. According to a report from Land Development and Management Bureau of the city of Addis Ababa, there are over 409,618 tenure owners in the city of which over 139,954 are leasehold and 269,618 are held by permit. It is estimated there are at least 600,000 formal properties in Addis (estimates are much higher if informal properties are included), so there is a substantial number which are not held in the official system. Although digital systems are not yet in place and most records are still held on paper, there have been several initiatives and attempts to create a city-wide urban cadastre over the last decade.

In urban areas, people are generally willing to pay for the registration of land but the opaque and time-consuming procedures put them off. People are not motivated to pay taxes, nor do they

receive any penalty if they are not paid, nor do they see the benefit locally from tax payments. Tax collection rates are low, and the tax base information is incomplete. For land lease, the amount of money generated each year is high, but the collection rates are thought to be between 30-50% of potential. Land lease holders tend to pay in earlier years but may not do so later as they feel more secure. At any one time there are significant known backlogs outstanding in each city. There is no national reporting of fee income for land services delivered in the urban sector that is routinely reported.

### **Safeguards - Ensuring social and gender inclusion**

The rural land mass registration process has built in safeguards and dedicated staff assigned to carry out pre-adjudication mapping of vulnerable group's (VGs) including minorities, women and the disadvantaged. There are several safeguards built into the process including prior identification and mapping of VGs, use of social development officers, emphasis on joint titling, public display and objections/corrections.

In urban land registration, there is no established procedure for addressing vulnerable groups, but there are conventional information and awareness campaigns, media announcements, signposts before and during the adjudication period. This applies to all participants and doesn't provide additional safeguards for the VGs. In peri-urban areas, there is no security of tenure; farmers know that they will lose their land at some point; recent informal householders do not receive compensation when they are evicted.

## **2.5. Costing of land registration and land administration services**

In Ethiopia there is a good understanding of rural land registration and land administration costs, less so on the urban side. The rural registration is based on FFP principles and incurs very low systematic registration costs of around EUR 5 per parcel<sup>2</sup> for very large-scale systematic work (LIFT project), and up to EUR 10-20 per parcel is reported by other projects. There is no systematic reporting of the costs of registration projects in the urban sector, and sporadic registration costs are high.

There are good estimates of the costs of developing the NRLAIS and its deployment in the rural sector, and the operational costs can be determined from federal, regional budgets and by estimating the costs at woreda level. There is no similar information or insight in the urban sector;

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<sup>2</sup> See UK FCDO LIFT Project Completion Review (November 2021): *Output 1.3 Cost per certificate: £3.49* (see <https://devtracker.fcdo.gov.uk/projects/GB-1-202900/documents>)



there is no national standardised system deployed, individual cities/regions undertake their own solutions; development and operational costs are unknown.

The case study also shows that increasing the quality and coverage of the land administration data will increase tax revenues substantially. Taking a holistic view of costs and revenues across the land sector at regional level offers an opportunity for a significant level of cost recovery in the sector, as well as emphasizing the wider social and economic benefits and increased transparency in the land market.

### **3. Increasing the financial sustainability of the rural and urban land sectors.**

#### **3.1. Developing benefits and incentives supporting rural land administration**

To maximize landholder participation, the rural land registration programme has taken several considerations into account. First, the SLLC process is designed to be fully inclusive and participatory, involving multiple steps to ensure the inclusion of men, women, minorities, and disadvantaged groups. This is achieved through an active awareness-raising and a transparent process. Second, the programme highlights the benefits to individual citizens. The SLLC process ensures tenure security and protects the rights of disadvantaged individuals. It also provides market support measures that enable individuals to achieve direct tangible benefits, such as access to loans and the ability to securely rent out land, both of which provide immediate economic benefits. The SLLC programme has resulted in wider benefits, including increased agricultural income tax and land rent in many of the completed woredas. Moreover, there have been reported improvements in investment and productivity. The ways of encouraging people to participate, the incentives and benefits are described below. The initial design of the rural registration and its implementation, including the development of the incentives mechanisms was undertaken through the Ministry for Foreign Affairs of Finland supported REILA (Responsible and Innovative Land Administration) project and the UK- Foreign, Commonwealth Development Office (FCDO), LIFT (Land Investment for Transformation) project over the period 2013-2021 in partnership with the federal, regional and local authorities. The registration is now being further extended and is fully taken over by the Ethiopian land administration authorities and is being implemented through the World Bank CALM programme and additional support from GIZ.

#### **Incentives to encourage participation and lower risks**

The approach developed, tested and now being rolled out nationally has several features to encourage participation and to ensure that the programme is implemented responsibly and in an

inclusive manner, ensuring access for women, minorities and vulnerable individuals. What are seen as incentives to participate in the registration process are outlined below.

- **Well-understood and widely accepted SLLC registration methodology implemented at the local level:** The methodology is seen as participatory, and landholders are willing to engage in the process; they do not perceive the registration process as a threat, especially in areas close to previous registration campaigns. The registration process involves both local office staff and locally recruited teams.
- **Effective sensitisation/awareness raising and engagement with vulnerable and disadvantaged people:** There has been extensive sensitisation and awareness-raising at national, regional and community levels, including active involvement of staff at woreda level. Social Development Officers (SDOs) are being introduced to work with disadvantaged groups.
- **Effective gender strategy and high participation of women in the SLLC process:** The SLLC registration programme (particularly LIFT, REILA and CALM) record very high levels of women's participation in the registration process. It was a feature of the design that special measures were taken to reach out to vulnerable groups, and the provision of Social Development Officers (SDOs) also enabled individual cases to be examined and appropriate advice to be given.
- **Resolution of many disputes takes place during the demarcation and adjudication process:** There is much anecdotal evidence of local land disputes being solved during the SLLC process. The LIFT Project Completion Review (PCR) states that the SLLC process has resolved 84% of existing disputes but no absolute figures are given. It also says that the level of disputes is now 50% of pre SLLC level. This is rather surprising, as most certification schemes report a much lower number of disputes after certification.
- **The SLLC process is free of charge to the landholder:** Once a woreda/kebele comes under the SLLC programme, demarcation teams visit all parcels and the approach does not rely on people voluntarily coming forward with claims. To date, there has been no attempt at a mass systematic approach using a contributory or self-financing approach.
- **The field methodology process uses FFP (Fit for Purpose) processes which reduce costs and a public display stage which allows for objections:** The SLLC process implemented uses boundaries identified on 30cm resolution orthophotography, which are then digitised. This significantly reduces field costs while providing acceptable accuracy. There is a public display stage where all demarcated parcels are superimposed on large scale printed aerial/satellite imagery allowing people to clearly identify and confirm their parcels.

- **A system is in place to maintain and update data:** The National Rural Land Administration System (NRLAIS) is being rolled out at the same time as the SLLC programme, so there is a system in place to maintain the data accessible at woreda level.

### ***Benefits for landholders***

The LIFT programme design included the development and implementation of specific benefits alongside the registration process. One of the programme's primary objectives was to increase income for rural landowners, as stated on page v of the LIFT PCR. Additionally, the programme included a component to support economic empowerment. Generally, LIFT programme has three components: carrying out SLLC (second level land certification), establishing the rural land administration service, and introducing 'economic empowerment innovations' such as Second Level Land Certification (SLLC) loans and secured land rental contracts.

The third component establishes incentives and benefits for individuals by providing them with access to new opportunities through the SLLC process. People have been able to obtain significant benefits through certification and the economic empowerment component, as demonstrated and reported by LIFT/REILA. These benefits are summarised below.

- **Tenure security and resolve disputes:** Landholders can clarify their land holdings and document their rights, protecting them from unauthorised removal. The LIFT report shows that 84% of all disputes encountered during SLLC were solved, and the number of disputes after SLLC was completed was halved. Over 75% of survey respondents reported that SLLC significantly improved tenure security, and 97% reported some improvements.
- **Women's access to land:** 25 million certificates were distributed, and 73% of them were held jointly by males and females, and 19% by females only. Furthermore, there are numerous anecdotal accounts of women being able to assert their previously unattainable land claims.
- **Access to Finance:** The innovation of an individual loan product linked to SLLC in 2017 has enabled landholders to access loans from formal financial institutions. This has had a tremendous impact on both service providers and farmers, as access to the formal financial market in rural areas was highly constrained due to factors such as lack of collateral. The adoption of rural land laws in certain regions has created a conducive legal framework. The pilot product was successfully rolled out and financial institutions were promptly engaged by the National Bank proclamation, which allows movable properties to be used as security for a loan, and the ability to use land use rights as collateral for a loan.

The Rural Land Administration and Use Lead Executive (RLAULE) office, through its access to finance intervention, is confidently working to address the significant imbalance between the demand and the pace of financial institution engagement. The limitation in the market is being addressed through awareness-raising, advocacy, evidence generation, and promotion of financial partnerships. According to the RLAULE report, over 53,000 clients accessed a total value of 2.4 billion ETB (42.8 million USD) in 89 districts, facilitated by 21 MFIs (Microfinance institutions) through more than 300 branches.

- **Access to land rental market:** Developing an effective rural land rental system is essential to increase income and productivity by transferring land from less productive to more productive farmers. The use of Standard Land Rental Contracts and Land Rental Service Providers (LRSPs) is crucial for building a sustainable system as part of the land rent intervention. Intervening in land rent improves the income and investment impact of land certificates in the rural land rent market. This is achieved through formalized arrangements anchored on land tenure security provided by land certification. The results achieved so far are 225 Kebeles in 42 woredas actively implementing land rent through LRSP, more than 500 LRSPs are operational, 89 licensed and above 20,000 land rental transactions facilitated by LRSPs.

According to RLAULE, the impact of the service is clearly demonstrated by the following statistics: a 12% increase in the number of agreements made with people outside their kebele (lowest administration level), a 30% increase in rental income for landholders due to improved bargaining power, approximately 30% of rental clients being first-time renters, and a 41% increase in land productivity due to the formal transfer of land from landholders to land tenants, who have higher capital and labour resources.

- **Provide accessible and affordable land administration services:** To address the significant costs, travel time, and inconvenience faced by landholders in remote areas of the woreda when accessing services from the 'Back Office' woreda office, a MBOC (Mobile Back Office Center) approach has been piloted in selected woredas. This approach is particularly effective in woredas with larger geographic areas and a greater number of kebeles. This approach significantly improves the accessibility of services by bringing the 'Back Office' closer to the community and enhancing landholders' awareness of the importance of formal land transactions. The 'Back Office' services are provided in a mobile fashion, stationed in selected satellite kebeles within a woreda for a certain period. Kebeles are selected to serve as 'MBOC' and provide 'Back Office' services to neighbouring kebeles based on their proximity and availability of office facilities.



## ***Results Achieved***

The SLLC linked loan was successfully initiated through the LIFT programme. As a result of its success, this measure is now being confidently adapted into the follow-on programmes RELIA and CALM. The introduction of these measures has also led to significant and wide-ranging benefits. These benefits are often considered at the impact level, with increased levels of investment, household income, and increased revenues of land-based taxes (agricultural income tax and land use tax). However, it is important to note that there has been no systematic monitoring and reporting on the latter.

SLLC has successfully incentivised longer-term investments, such as tree planting, and effectively promoted sustainable land conservation practices. Notably, a study conducted by LIFT PCR in 2021 found that 27% of rural landholders attributed an income increase of at least 20% to SLLC. As a result, rural landholders have experienced a significant increase in productivity and income.

The SLLC linked loan has significantly increased land investment, productivity, and the likelihood of recipients registering secondary transactions. A remarkable 76.1% of beneficiaries who accessed loans or rental services reported a substantial increase in investment, productivity, and incomes averaging 25-33% per year. Furthermore, landholders who accessed loans or rental services are 50% more likely to register subsequent transactions. The access to finance component increased demand for SLLC and provided incentives for landholders to formally register land transactions, resulting in a 50% increase in the likelihood of formal registration.

Although the REILA and LIFT programme did not monitor the improved revenues of agricultural income tax and land use tax, a recent report from Yilmana Densa woreda showed a doubling of agricultural income tax and land use tax to 4-5 million ETB annually. Similarly, report from Bahir Dar Zuria woreda showed an increased income of 2.5 million ETB. According to a report from the North Shoa zonal administration (Amhara) office revenue collected from all woredas where SLLC has been completed has increased from 600 million to 1 billion ETB during the period 2019-2021.

Besides, perceptions of tenure security have significantly increased, resulting in a notable reduction in disputes. This has led to a remarkable 33% increase in individuals' motivation to invest, with 20% of them increasing their investments. Moreover, there has been a substantial 15% rise in the planting of trees and long-term crops.

## **3.2 Urban Cadaster Improvement and Revenue Enhancement Programme**

### **Introduction**

In the urban land sector, institutions and departments have overlapping responsibilities, and land records are split across several different agencies/departments and in different digital information systems and paper-based records. Many files are obsolete, they are incomplete or contain incorrect information. Even where SAR (Systematic Adjudication Registration) has been enacted, then the result is not a single integrated register with an up-to-date entry of land holder, land rights and parcel information. This in turn, leads to low collection rates for land-based revenues such as city roof tax, land rent, and land lease, as they do not cover all objects. Furthermore, there has not been a definitive assessment of the potential of existing land-based revenues at the city level. However, with a more comprehensive inventory and assessment, the city can confidently explore and maximize its land-based revenue potential.

There has been little attention paid to developing incentives and benefits for participants in urban cadastral programmes. The Systematic Adjudication and Registration (SAR) process involves only those citizens who come forward to have their parcels demarcated, and it does not clarify rights; it only clarifies parcels and areas. A citizen would have to make a separate application to correct the rights holder's registration. In addition, the process does not really follow FFP (Fit for Purpose) principles in the way that rural programme does, so it is quite expensive to implement. The SAR process is free to the landowner, so in principle there is a direct incentive in that they do not have to pay for updating the parcel boundaries, but as it does not resolve any inconsistencies in rights, these will have to be addressed by the applicant themselves. There is an urgent need to rethink the approach to urban registration and to consider both incentives and benefits for claimants. Drawing on lessons from the successful rural programme, and explicitly considering revenue enhancement and finding ways to fund the urban cadastre, a new programme is proposed which links cadastre improvement and revenue enhancement.

### **Background and aims of the programme**

This section outlines the proposed Revenue Enhancement and Cadastre Improvement (RECI) programme, to be piloted in Bahir Dar city, Amhara region, and scaled out to other cities. The programme will improve the quality and availability of land administration data to increasing domestic land-based revenues and contributing to higher revenues at both the city and state

levels. The city will greatly benefit from improved quality land records, simplified and expedited transaction processing, increased control over urban development, and more transparent land markets. The urban cadastre can be enhanced to improve and extend property coverage. There will be no increase in tariffs or tax rates as part of this programme. Improved links will be established between the land administration data management systems and the existing revenue billing and collection functions.

The programme operates within the current legal framework and requires collaboration between various institutions and departments. All relevant entities report to the city mayor, who assumes the coordination role. The initiative will successfully identify and record all leasehold and permit-held properties, including state-owned parcels, kebele houses, and other housing/commercial developments, as well as areas where regularisation is incomplete (including informal areas). The extended urban cadastre will include all permit and lease-held properties, regardless of location.

An assessment of the current operational costs of the city land administration was carried out to establish the financial basis for any planned service delivery expansion. This was done through examining the official annual budget reporting of the city and sub city authorities and reviewing costs over a three-year period 2019/20–2021/22. Current operational costs are made up of city level land administration costs and sub-city level.

- Costs at the city level amount to an annual average (over 3 years) of 3.45 million ETB (60,000 Euro) per year (note: there may be additional costs born at the regional level that do not appear in the city budget). This represents less than 0.4% of the overall city operational expenditure budget, and around 1.76% of the operational expenditure budget for municipal costs.
- Costs at the sub-city are estimated as slightly less (based on interviews at sub-city level) at around 2.5 million ETB per sub-city per year (44,000 EUR), giving a total estimated cost of around 18.5 million ETB (325,000 Euro) annually for the city and six sub cities. These costs do not include any costs contained within investment budgets; however, it is believed that there has been no such allocation for the land sector by the city in recent years.

Current revenues were also examined, and three-year averages extracted (Table 3.1).

Revenue type	Revenue Source	millions of ETB	Euro	state or city revenue
1	ag income tax / land use	0.50	8,772	state
2	roof tax (estimated as 0.1% of municipal revenue)	0.50	8,772	state
3	land rent	19.70	345,614	city
4	land lease	329.10	5,773,684	city
5	transaction fee income	1.50	26,316	city
6	<b>total land-based revenues (not including stamp duty)</b>	<b>369.00</b>	<b>6,473,684</b>	<b>state &amp; city</b>
<b>State and city level total revenues</b>				
7	total municipality-based revenue (2019 figure)	519.14	9,107,719	city
8	total state and municipality revenue (2019 figure)	1,626.32	28,531,930	state & city

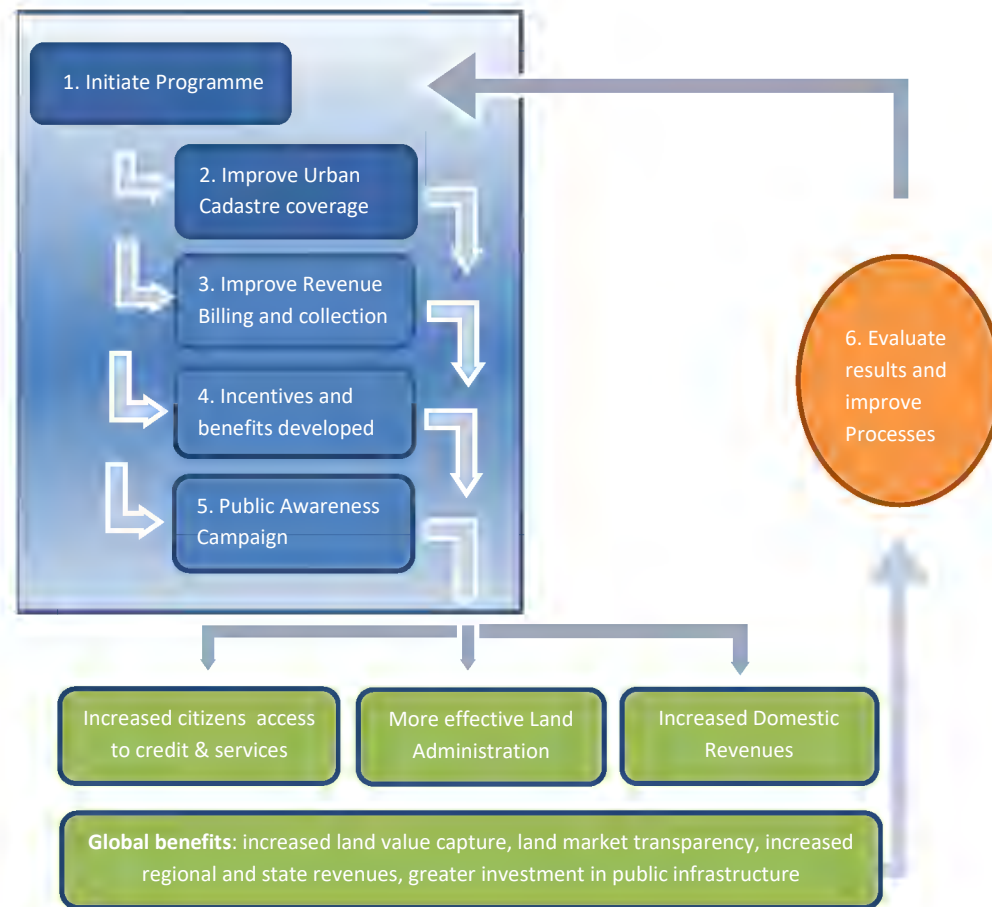
**Table 3.1: Bahir Dar Average annual land-based revenues – last three years**

This shows the average land-based revenues currently generate around 369 million ETB (6.5 million Euro) which represents over 70% of all municipal revenue raised annually and over 22% of all state and municipal revenue raised in the city. Note that land rent, land lease, and transaction fee income are all municipality income, while agricultural income tax and roof tax (and capital gains) are state level.

### **The RECI Programme - Overview**

The RECI programme will take three years and cost 1.55 million Euros. It will address the problems of cadastral coverage by increasing technical capacity and support, making the systematic registration process more effective and encouraging citizen participation. The programme will be implemented sub-city by sub-city. Citizen engagement will be encouraged with an incentive programme supported by public awareness campaigns. It will be subject to continuous programme evaluation and process improvement. Based on the results, the city will institutionalise the approach by allocating part of the land-based revenue income to continued cadastre improvement/revenue enhancement. This will operate as a kind of self-financing approach or revolving fund.





**Figure 3.1: The proposed Revenue Enhancement and Cadastre Improvement Programme**

The programme consists of the following components: -

1. **Initiate Programme:** A RECI Task Force (TF) is to be established under the direct authority of the mayor and including representatives from the relevant city level land and revenue institutions, sub cities and related entities. The TF is responsible for planning, coordination and oversight of all activities. This TF will set out the detailed implementation plan, identify the pilot sub-city for the initial programme testing and then oversee the implementation. It will also establish routine reporting and programme management arrangements, including steering committee arrangements etc.
2. **Improve Urban Cadastre Coverage:** This component will significantly enhance the efficiency of SAR processes through the development and testing of improved adjudication and right creation methods. The resulting data will be entered into the digital cadastre, while also confirming existing entries and completing data loading for all

demarcated parcels awaiting entry. The Urban Cadastre attribute list must be extended to include additional basic data required for billing and collection.

3. **Improve Revenue collection and billing:** Collaborate with the revenue authority to update or create revenue rolls based on cadastral data to improve revenue collection and billing. Means to assist with billing and enforcement should also be identified.
4. **Citizen's incentives and benefits developed:** The programme will ensure that citizens have a positive view of it and can see tangible benefits. Evidence from the successful implementation of the LIFT programme has shown that people are more likely to get involved when they can see such benefits. To achieve this, the SAR process will be modified to clarify ownership and occupancy rights. This component will empower citizens to access improved services and receive direct benefits, akin to those developed under the UK FCDO LIFT programme but customized for urban environments.
5. **Public Awareness Campaign:** This overall programme will only work if the public are willing to engage. Hence the Public Awareness Creation (PAC) will help to encourage citizen participation, will offer citizens the opportunity to clarify boundaries and ownership/occupancy and will promote the specific benefits developed under component 4. It will ensure that the public fully comprehends the RECI programme, its incentives, benefits, and how to engage. The PAC will be meticulously developed, implemented, and monitored for impact over time.
6. **Evaluate results and improve processes.** This component will focus on the results of the overall programme and identify where there are problems and bottlenecks. It will also monitor outputs (number of entries to the cadastre; land rights cleared; billing complete etc) but will also try to gauge the wider impacts on the economy of Bahir Dar city and the land market. It is aimed that this will run concurrently with the main programme to provide early feedback and allow programme adaptation.

### ***Expected Results***

The proposed programme aims to increase land revenues from 370 million ETB to 491 million ETB. This will be achieved through a ten per cent annual increase resulting in a total additional revenue of 236 million ETB (approximately 4 million Euro) over the three-year period. This would be driven by a 1.55 million Euro investment programme financed by a development Partner or other source delivered over two years, with a modest additional city operational expenditure from year three. This would result in net benefits of approximately 2.5 million Euro.

#### **4. Challenges and Key Findings**

This section summarises challenges and key findings relevant to achieving sustainable financial land registration and administration. The issues that impact or restrict financial sustainability are the same as those that impact scaling up land registration and establishing land administration systems with effective service delivery.

Currently, there is no integrated national land policy in place, and the administration of land is fragmented, with different tenure arrangements for urban and rural areas, and controlled by separate institutions with their own legislations and processes. This dualism creates complications in land administration and exacerbates the transfer of rights from rural to urban areas. Informal settlements in urban and rural areas grow due to this factor. Beneficiaries or users face challenges in accessing land administration services because of unclear land management and responsibility for converting land rights between systems.

The rural land registration programme is well publicised and has been delivered at no cost to landholders. In the rural sector there is widespread knowledge and publicity around the SLLC programme and people are aware the SLLC has been delivered for free, so there may be resistance to being asked to pay in the future. The urban land registration exhibits poor data coverage, and a lack of standardized systems across the urban domain. These challenges are compounded by frequent staff reshuffling, ongoing organizational restructuring, and frequent changes in office heads, all of which undermine the effectiveness of the urban land administration institution and its service provision. The issues are particularly pronounced in peri-urban areas. The absence of a straightforward mechanism for converting tenure limits the land supply in urban areas and contributes to the growth of informal settlements.

The urban land sector is institutionally complex and suffers from a general lack of transparency as well as multiple agencies/departments with incomplete or out of date records, opaque procedures and a lack of organised land records and digital systems. It is estimated that only 20% of all urban parcels are registered. Urban land management is highly decentralised with offices at municipality, sub city and city, region level: many of which operate with slightly different organisational arrangements, procedures, processes and IT systems. According to Proclamation No. 818/2014, SAR clarifies the parcel arrangements and creates a parcel fabric, but does not update the legal relations, so it does not in its present form produce an up-to-date complete legal cadastre of property rights.

Transactions are taking place and fees are charged in both the urban and rural domain. In the urban sector, citizens can undertake transactions and fees are generated. In the rural sector, with the installation of NRLAIS at woreda level citizens can undertake transactions. Amhara regional state has introduced fees for rural land administration services and fees are not yet introduced in other regional states.

Land-based revenues are strong and increasing where registration is completed. Analysis of land-based revenues at the city or regional level shows a strong income stream for land lease, and lesser amounts for city land rent, roof tax and fee income in the urban sector. In the rural sector, the amount of rural land use fees and agriculture income tax collected is significantly increased in those areas where SLLC registration has taken place. Similarly, in the urban sector, where there have been data quality improvements then revenues have substantially increased.

Effective management of urban land needs an effective strategy and implementation plan. The legal instruments (laws, regulations, directives, manuals, standards) for guiding and managing registration in the urban area are (mostly) available. However, the lack of clarity of strategies and implementation modalities of the high-level institutional objectives is a practical challenge. While there is an aim to increase cadastral coverage to 60%, there are no clear plans in place to reach this figure.

There is a need to test out a land administration/revenue model at the woreda/sub-city level. The concept of increasing cost recovery for city/sub-city or woreda can be explored in an integrated revenue project including all land-related service expenses and all revenues (including all infrastructure and operational costs). This adopts a “revenue model” approach where land-based finances are driving the process.

## **5. Conclusions and Recommendations**

Recommendations and options are built on the existing work carried out by the government of Ethiopia, the regional governments and development partners. There is a clear long-term policy objective to improve land policy and overcome the problems created by the rural/urban tenure divide through establishing a national integrated land policy covering urban and rural land and a simpler means of tenure conversion. While this remains a long-term policy goal, there is an opportunity to concentrate on improvements and increased integration in the urban domain at city level, in preparation for wider integration. The over-riding policy level recommendation for implementation is to link land administration improvements at city level with city-level increased



land revenues. This will facilitate improvements in the urban cadastre and its coverage, as well as increasing land-based revenue collection.

Further recommendations outlined in the study provide a clear development pathway for sustainable financing of land registration and administration. It is crucial to establish and assess the necessary preconditions before planning and implementing sustainable financing. Adopting a standard methodology to assess the costs of the land registration process is essential. Identifying incentives and benefits for both beneficiaries and governments is important to encourage registration and land administration services.

To ensure successful development, it is crucial to incorporate the thinking of financial sustainability from the outset by developing a theory of change. Testing the scaling-up process at the district or sub-city level and maintaining vigilant monitoring of financial sustainability is highly recommended. There is a window of opportunity as there is both political will from the Government of Ethiopia (GoE) and demand from citizens for SLLC. The GoE and development partners can capitalise on this by drawing on the expanding evidence base and publishing regular information related to the increased land rights for women, reduced disputes, uptake of SLLC backed loans, increased land rental contracts, and other related areas.

## 6. Acknowledgement

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— 2024 —

**Sustainable Financing of land  
registration and Land Administration**

**Session Overview**

**Global Land Initiative: Land Administration**

**Session G20 Thursday May 16<sup>th</sup> 14:00-15:45. MC 4-800**

**16<sup>th</sup> May 2024**



## **Sustainable Financing of land registration and Land Administration**

**Global Land Initiative: Land Administration**  
**Session G20 Thursday May 16<sup>th</sup> 14:00-15:45. MC 4-800**



### **Objective and Background**

The objective is to demonstrate how sustainable financing of land registration and land administration could help to overcome the critical funding barrier to increasing tenure security coverage.

A continuing critical issue of improving land governance is how to find effective ways to finance initial investments in a) land administration infrastructure, b) land registration and then c) how to achieve long term financial sustainability of operations, without relying on massive Development Partner (DP) or Government funding. In recent years, alternative self-financing and contributory models are emerging in developing countries where citizens contribute to initial registration costs and then land based revenues help to justify and support sustainable land administration solutions which may involve new models such as National Land Administration Agencies (NLA). By considering sustainable financing from the beginning of the programme cycle, this offers opportunities for improving land governance of rural, urban, and forest lands.

This session will bring together recent field experience in Uganda, Tanzania, Ethiopia and elsewhere, including public, private and NGO initiatives supported by alternate forms of financing. We show how important lessons can be drawn which point to a Theory of Change embracing both demand and supply side factors and that allows sustainable financing to be built into overall programme design at an early stage, thereby influencing the growth and roll out of programmes. DP then become more of a facilitator; fostering change through initial political engagement, supporting initial developments that kick start the programmes and then providing facilitation support, rather than directly funding all the implementation.

The country presentations report recent experience of developing self-financing or contributory models in rural and customary land and also consider cadastre improvement and revenue enhancement in the urban sector. While similar models do not appear to exist in the forest domain, the thematic paper explores the links between forest carbon initiatives and the possible financing of land tenure improvement.

A second objective is to consider the establishment of a Special Interest Group on Sustainable Financing (SIGSF) to further promote research and knowledge generation on this topic and how that might work in practice

## Programme

<b>Sustainable Financing of land registration and Land Administration</b> <i>Chair Mr Devie Chilonga: Principal Secretary, Ministry of Lands, Malawi</i>		
1	Welcome and Introduction; Chair: Mr Devie Chilonga	5 minutes
2	<b>Introduction:</b> Developing solutions for sustainable financing of land registration and land administration (Richard Baldwin, iLand Consulting; Menberu Allebachew, independent; Esther Obaikol, independent) <ul style="list-style-type: none"> <li>Brief recap of sustainable financing, why important, conceptual model and theory of change incorporating self-financing and sustainable finance approaches into land program design. introduce country presentations</li> </ul>	10 minutes
3	<b>Country and Thematic Presentations</b> <ul style="list-style-type: none"> <li>Self-financing models for customary land: the case of customary land registration in Uganda (Samuel Eriaku, GIZ Uganda)</li> <li>Tanzania – Self-financing model experience – Village Land Registration (Mustapha Issa, Malaki Msigwa, Mutalemwa Rutizibwa, LTA NGO)</li> <li>Ethiopia--Developing Rural Land Registration Incentives and Benefits Mechanisms and Improving Urban Cadastre in Ethiopia (Rahel Hailu, GIZ)</li> <li>Recognising improved land tenure security as a co-benefit in forest carbon projects (Malcolm Childress, Global land Alliance; Kate Fairlie, Land Equity International; Rory Read, Global Forest Futures)</li> </ul>	50 minutes
3	<b>Panel Session and Questions: Moderator: Imke Greven (Senior Program Advisor, Land-at-Scale, ROV Netherlands Enterprise Agency)</b> <u>country representatives</u> <ul style="list-style-type: none"> <li>Ethiopia – Mr Tigistu Abza (Director, RLAUD, MANR)</li> <li>Uganda – Ms Naome Kabanda (Director, Land Management, MLHUD)</li> <li>Rwanda – Ms Grace Nishimwe (Director General, NLA)</li> </ul> <u>Development Partners</u> <ul style="list-style-type: none"> <li>GIZ – Mr Christian Mesmer (GIZ Ethiopia Land Programme Lead)</li> <li>UK FCDO - Mr Chris Penrose Buckley (UK FCDO Senior Adviser Land Policy Lead)</li> </ul> <p><i>Each Panelist has a short two minutes commentary/statement followed by open questions led by Moderator</i></p>	30 minutes
4	<b>Wrap Up and Close Down: Chair: Mr Devie Chilonga</b> <i>summary of key points and any emerging actions</i>	10 minutes

*A one-page description of the SIGSF will be prepared for circulation. The SIGSF could involve a series of on-line forum meetings – peer to peer, held every two months. It is basically a TEAMS meeting – format will be a presentation followed by discussion and signposting of any queries etc. SIGSF may identify specific issues/themes for further research and support.*





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# **Developing Solutions for Sustainable Financing of Land Registration and Land**

**Global Land Initiative: Land Administration**

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## List of Abbreviations

AACA	Addis Ababa City authority
CALM	Climate Action through Landscape Management (World Bank, Ethiopia)
CCO	Certificate of Customary Ownership (Uganda)
COO	Certificate Of Ownership (Uganda)
CORS	Continuing Operating Reference Stations
CoFLAS	Costing and financing of land administration
CRISP	Cadastre Register Inventory Saving Paper (Uganda)
CSO	Civil Society Organisation
DFID	Department for International Development (UK)
DP	Development Partners
EU	European Union
ELAP	Ethiopia Land Administration Programme (USAID)
ELTAP	Ethiopia Land Tenure Administration Programme
FFP	Fit For Purpose
GDP	Gross Domestic Product
GIS	Geographic Information System
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH
GLTN	Global Land Tool Network
GNSS	Global Navigation Satellite System
ILMIS	Integrated Land Management Information system (Tanzania)
IRR	Investment rate of return
ISO	International standards Organisation
LADM	Land Administration Data Model (ISO 19152)
LAND	Land Administration to Nurture Development (USAID)
LEMU	Land and Equity Movement (Uganda)
LIFT	Land Investment for Transformation (DFID, Ethiopia)
LTR	Land Tenure Regularisation
LTRSP	Land Tenure Regularisation Support Programme (Rwanda)
MAST	Mobile Application to Support Tenure (USAID)
MLHUD	Ministry of Lands, Housing and Urban Development
MOFPED	Ministry of finance, Planning and Economic Development (Uganda)
MZO	Ministry Zonal Office
NLIC	National Land Information Centre (Uganda)
NLIS	National Land Information System (Uganda)
NRLAIS	National rural Land Administration Information system (Ethiopia)
NSDI	National Spatial Data Infrastructure
MLHUD	Ministry of Lands Housing and Urban Development
MZO	Ministry Zonal Office (Uganda)
OECD	Organisation for Economic Cooperation and Development
RLAS	Rural Land Administration system (Ethiopia)
RLAUD	Rural Land Administration and Use Directorate (Ethiopia)
RLMUA	Rwanda Land Management and Use Authority
SAR	Systematic Adjudication and Registration (Ethiopia)
SDI	Spatial Data Infrastructure
SIDA	Swedish International Development Agency
SLLC	Second Level Land Certificates (Ethiopia)
SSA	Sub Saharan Africa
TRUST	Technical Register to Support Tenure (Tanzania)
UBOS	Uganda Bureau of Statistics
UK FCDO / DFIDUK	Foreign and Commonwealth Development Office / Department for International Development
UN FAO	United Nations Food and Agriculture Organisation
URA	Uganda Revenue Authority
USAID	United States Agency for International Development
VGGT	Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security
WB	World Bank

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## 1. Introduction

### Introduction

The focus of this paper is on developing solutions for sustainable financing of land registration and land administration. Despite more than 30 years of concentrated effort by national governments, International Development Agencies, and NGO/CSO it is widely reported that more than 70% of all land rights in Africa are still unregistered<sup>1</sup>. While organisations such as the World Bank (WB) focused on the perceived economic benefits of registration from the 1990's onwards and did support large scale programmes (e.g., Kenya, Malawi), these programmes did not result in the establishment of countrywide sustainable land administration systems and their take up by citizens. Undoubtedly part of the problem was the cost and complexity of providing land administration services nationally (capacity and infrastructure) but also citizens did not see the necessity of recording transactions. Almost all developing countries have undertaken a series of land programmes aimed at developing and strengthening land governance, however in Africa, probably only Rwanda can claim to have almost all land demarcated, registered and a nationwide system in place to support transactions, while Ethiopia is now around half way through identifying and demarcating all rural land. While there are many reasons for this, a common constraint is how to finance the first registration and the establishment of the land administration infrastructure and then how to operate this in a financially sustainable manner.

This paper is derived from a study commissioned by the GIZ *Global Programme for Responsible Land Policy*, focused on developing recommendations and options for sustainable financing of land registration and land administration, with special reference to Africa. The study involved two country case studies: Ethiopia and Uganda. An initial literature review was undertaken to review existing experience and identify good practice. The country case studies examined the legal and fiscal prerequisites (including revenue analysis), social acceptance and safeguards and assessed technical infrastructure and costs.

Based on the case studies and their findings, a Theory of Change and practical recommendations for developing sustainable financing solutions were developed as well as specific follow up recommendations for Ethiopia and Uganda (see Annex A for more detailed description). This paper concentrates on the review of good practice and the conclusions that can be drawn from the case studies before developing a Theory of Change embracing sustainable financing and providing practical recommendations for developing solutions.

### Structure of the paper

The paper is divided into an introduction and three further sections including:-

- Background and review of good practice
- Summary of findings from the case studies
- Practical recommendations for developing sustainable financing solutions including a Theory of Change incorporating sustainable finance as a desired outcome

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<sup>1</sup> see <https://digital-strategy.ec.europa.eu/en/news/land-mapping-east-africa-european-geospatial-technology>

## 2. Background and review of good practice

### 2.1. Current situation

A continuing critical issue is how to find alternative ways to finance initial investments in a) land administration infrastructure, b) land registration and then c) how to achieve long term financial sustainability of operations, without relying on massive development partner funding. GIZ is testing a self-financing approach in Uganda where applicants themselves partially fund the first registration process with donor agencies providing technical equipment and backstopping. This resonates well with work going on elsewhere. Firstly, the advent of low-cost digital field data capture and registry solutions with appropriate governance arrangements can avoid massive up-front costs and long deployment times for national land administration systems. Secondly, in many countries, there are well elaborated and tested methodologies for actually carrying out first registration in a highly participatory manner, with experienced teams; and thirdly, there is renewed interest from both governments and development partners in leveraging various own-source revenues to drive sector reform. Evidence from several programmes indicates that landholders may be willing to contribute to the costs of registration as they are increasingly aware of benefits. Local authorities may be willing to co-finance (for example - Palestine). In Tanzania a beneficiary contribution model is now being tested where applicants pay fees to a service provider who facilitates the registration on their behalf through a revolving fund.

### 2.2. Building effective land governance systems

*Land governance concerns the rules, processes and structures through which decisions are made about access to land and its use, the manner in which those decisions are implemented and enforced, and the way in which competing interests in land (and other types of real estate) are managed.<sup>2</sup>*

All countries have a particular combination of law, practice, culture, history, and “sense of place”, that creates a unique set of circumstances that shapes how citizens relate to land and property. For many citizens in Africa, land provides not just housing or temporary shelter, but is also the principal source of their livelihood. Traditional land governance systems in Africa are largely based on customary arrangements, and over time, other tenure systems have been introduced and today most countries have a mixture of tenure types including traditional customary, formal freehold and other forms (e.g., long term lease). In many countries customary land is increasingly being effectively formalised through recognising and documenting customary rights (as is the case in Namibia, Tanzania, and Uganda). Some jurisdictions have established separate rural and urban tenure rights (e.g., Tanzania, Ethiopia), while others have moved to an alternate tenure form (e.g., emphyteutic lease in Rwanda).

Land governance systems are implemented through land administration systems in line with land policy and relevant laws and regulations by authorised land administration agencies. In many African countries land administration agencies are not yet fully developed, lack geographic coverage and technical infrastructure. There is also a lack of trained private and public sector

<sup>2</sup> <http://www.fao.org/land-water/land/land-governance/en/>

land professionals.

While there has been significant progress in undertaking cost effective land registration and there are clearly documented lessons learned and an emergent best practice (see for example: *English, et al, 2019*), it is apparent that significant problems remain. Two of the key problems faced are a) the financing of the first registration programme itself and the establishment of land administration infrastructure, b) once the system is established, being able to provide financially sustainable land administration services. A related issue is that people need to understand the benefits of land administration and be motivated and incentivised or they will not use the services – there needs to be clear concrete benefits. Citizens and landholders also need to understand and have belief in the processes involved as this gives social legitimacy and buy in.

## Policy and Guidelines

Over the last 10-15 years there has been more international development focus on land issues and there have been a number of international initiatives that have promoted land governance at the highest policy levels including:

- *The African Union Framework and Guidelines on Land Policy (2009)*
- *The Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security (VGGT) (2012)*
- *The Principles for Responsible Investment in Agriculture and Food Systems (2014).*

These guidelines focus on land governance and the importance of land as a source of livelihood, housing and shelter, tenure and food security, resource management and have been successful in promoting greater awareness of the role of land rights and in fostering gender equality and social inclusion. Following the 2008 global increase in food prices and greater public awareness of climate change and global supply chains, there is also increasing pressure from the private sector and industry organisations looking for guidance on how to make investments in extractives, forests, and large-scale agriculture in a responsible manner that protects the interests of all parties and creates a sustainable future. These guidelines say little about the practical process of developing and implementing effective land governance systems but have been highly influential in leading government thinking and promoting dialogue.

## Land Registration.

Low-cost mass systematic registration using fit-for-purpose (FFP) techniques (*Enemark, et al, 2016*) can be effective in rapidly registering large numbers of parcels in a short period of time at low cost. The FFP approach is to focus on general boundaries, the use of image-based methods for parcel identification and measurement, and a more relaxed approach to spatial accuracy where measurements are made to an acceptable level of spatial accuracy rather than the highest possible technical accuracy. Good examples are the Rwanda Land Tenure Regularisation Support Programme (LTRSP) and the Land Investment for Transformation (LIFT) project in Ethiopia which between them were financed by almost EUR 150 million of donor funds with additional government contributions. Lessons learned in Rwanda pointed to the need to have a clear legal, regulatory and institutional framework; to simplify tenure systems where appropriate, and to have land administration systems in place so they can immediately manage and update registration data. Interestingly, financial analysis undertaken in 2018, some years after the main registration



campaign (2009-2013) showed that the donor funding supporting the Rwanda registration programme will be fully recouped by 2025 through user fees (see Annex B and *Baldwin, et al, 2019*). There is also a high level of cost recovery of the ongoing operational costs, though there are still problems with informal transactions. Later programmes elsewhere have addressed some of these problems by developing low-cost digital field recording and local register systems (Tanzania, Uganda) and providing incentives and ensuring citizens can access benefits (Ethiopia) but again these are largely driven by development partner funds. In Ethiopia's case the LIFT project has developed a programme of incentives and benefits and is also looking at revenues from new information services.

## **Sustainable land administration**

In order to be effective, a land administration system must have the necessary legal, institutional and service delivery frameworks in place and be able to operate efficiently and meet society's needs. It must have systems in place to clearly identify and describe property rights, restrictions and obligations, and land objects themselves. It must support transactions (of all types) in an efficient and cost-effective manner and also allow changes in ownership and parcel geometry; while respecting any tenure, land use, zoning or other restrictions, and ensuring that this takes place in full compliance with the law; free from any discriminatory practice or fraud. Most advanced economies have effective land administration systems in place that can safeguard land and property interests and serve the needs of clients through supporting transactions and providing information and services, including property market information.

There are many lessons in the development of land administration systems that are transferable based on experiences in Eastern Europe. *Torhonen (2016)* provides an overview of lessons learned from 42 of the WB's programmes supported in the ECA region which include legal reform and the simplification of the land administration sector (institutional structures, regulations, procedures). *Torhonen* emphasises the importance of data and quality of data; customer service, transparency, and the use of IT systems to manage workflows, enhance security, and the need to provide linkages with other government data sets including identity, business registration, taxation, valuation, planning and other statistical and spatial data sets. *Adlington, et al, (2020)* provides in-depth guidance on how to undertake land administration modernisation from conceptualisation to implementation. *Adlington and Tonchovska (2012)* provide an excellent summary of ECA experience of modernization from an IT viewpoint, emphasizing the difficulties of large centrally driven IT projects and advocating smaller step by step solutions. *Burns and Fairlie (2018)* extended this and also developed a costing methodology for estimating the costs and potential revenues that arise when undertaking large scale land reform programmes at country level.

Rwanda is the only African country that can claim to have a national IT system in place able to provide nationwide land administration services. Many countries have programmes in progress, for example Uganda (Ugland), Tanzania (ILMIS), Ethiopia (NRLAIS for rural land). In each of these cases they are only partially deployed and partially populated with registration data. System development costs in each of these cases has been several million EUR to date and it will require significantly more expenditure for full deployment. The Rwandan experience provides a useful lesson learned, in that the land administration IT system was only developed and deployed

nationally some 2-3 years after the completion of the bulk of the registration. This meant that the records created were not easily updated nor securely managed during this interim period; many transactions were not recorded as people did not see the need for registration; nor was it easy to do so subsequently.

### 2.3. *Financial sustainability of land administration systems*

There have been few publications dealing with costs of establishing land administration and completing registration at country level. *Byamugisha (2013)* carried out an extensive analysis looking at the issues, complexities and possible solutions for scaling up land reforms and investments including the registration of customary and formal rights and establishing functioning land administration systems across all Sub-Saharan Africa (SSA) countries. *Byamugisha* arrived at a figure of \$4.5 billion for the 46 SSA countries. Given that the registration costs in Rwanda, were of the order of \$70 million alone, and Rwanda is one of the smaller countries in Africa (area and population), then the estimate seems too low. For financial sustainability of land governance systems and the financing of land registration we need to consider the following

- Costs of setting up land administration system infrastructure
- Costs of carrying out land registration processes
- Operational land administration costs (running the land administration systems)
- Revenues and financial sustainability

#### **Costs of setting up land administration system infrastructure**

National scale land administration systems and supporting IT infrastructure are still very expensive to develop and take several years to design, test, adapt, roll out and make operational (see *Adlington and Tonchovska 2012, Burns and Fairlie 2018*). In most countries there is usually some existing land administration infrastructure and organisational structure in place (which may not be complete); existing paper based and digital records; legacy IT systems, etc. and so costs will vary widely according to scale, current status of the records, required functionality, etc. Converting existing records can increase costs substantially. For example, the National Scale Up Plan for Tanzania (*MLHSD, 2019*) calculated a figure of \$30 million for the roll out of the Integrated Land Management Information system (ILMIS) to support rural land across all regions (approximately \$215k per district; \$1.2 million per region) and this does not include any operational or system development costs (estimated separately as \$5-10 million). *Burns and Fairlie (2018)* in the CoFLAS (costing and financing of land administration systems) methodology quote system development costs for national land administration systems up to \$10 million and this broadly fits with central and eastern European experience. In most cases, land administration set up costs are unlikely to be recovered unless they can be offset against future revenue streams (which may include a PPP<sup>3</sup> model).

Digital local register solutions offer an entirely different entry level with typical local register solutions costing around EUR 200,000 (e.g., TRUST, Tanzania). They are cheaper and quicker to

<sup>3</sup> For example, In the 1990's a PPP was awarded to Teranet by the state of Ontario to update the technology, undertake records conversion and operate the land registration service based on future income streams

develop but require a different governance structure (*Baldwin, et al, 2018*), and only cover a relatively small defined area (village, community, district). They also have risks, especially if there are no national standards agreed for data content, structure, rules for updating etc. They are limited in scale and functionality but can provide local secure records management and transaction processing subject to clear governance and accountability. They can provide a useful interim solution pending the arrival of national systems, but it's essential they are built to an agreed data model and standard business rules so that data can be migrated in the future to a national system when that is eventually deployed.

### Costs of carrying out land registration

*Indufor*<sup>4</sup> (2014) carried out a review of published costs per registered parcel looking at the registration of both community level rights and individual rights. They drew on published project materials and found that most costs fall between \$10-50 per individual parcel and there is a well-documented group that fall between \$10 and \$20 per parcel, though as they point out, it is not clear exactly what is included (and what is not included) in the cost estimates. Parcel size is also a factor, and ideally, the average parcel size should be stated so that a clear comparison can be drawn, however this is often not reported.

Generally speaking, the costs reported are those incurred by projects and include the field-based activities, including preparation, outreach, equipment, mobilisation, staff costs and per diems, however some projects do not include the support or supervision Technical Assistance (TA) team, others do not include imagery costs etc. Table One (below) provides recent published estimates and shows that it has been possible to achieve \$10 per parcel or less in several countries, if general boundaries, no monumentation and lower accuracies are accepted

Programme	Cost per registered parcel	comment
<b>Rwanda LTRSP (2009-2013)</b>	\$7.50	Summarised calculated cost. Using FFP image methods, no monumentation (source: RNRA, DFID)
<b>Ethiopia LIFT (2014 -2020)</b>	\$5.00	Actual calculated cost, using FFP image methods, no monumentation, no land use planning (source: DFID LIFT AR)
<b>Tanzania LTSP (2014-2019)</b>	\$10.00	Rural land. Includes land use planning Using FFP image methods, no monumentation (source: DFID PCR LTSP)
<b>Madagascar CASEF 2016+</b>	\$10-12	For land certificate under decentralised system (less than 1/20 <sup>th</sup> of earlier cost), no monumentation (source: WB Project appraisal document)
<b>Tanzania LTA (2016-2020)</b>	\$8.00	No imagery costs. Uses FFP image methods, no monumentation (source: LTA project, Sullivan 2018)
<b>New Tanzania urban programme (under dev)</b>	\$50-100	MLHSD calculated cost. Uses precise GPS survey. (source: World Bank)
<b>Nigeria GEMS (2015)</b>	\$12.00	Not including imagery, FFP, no monumentation (source: GEMS programme DFID)
<b>Lesotho MCC (2011-13)</b>	\$60	Semi urban, used GNSS, includes some parcel adjustment (source: MCA Lesotho land programme)

**Table One: Comparison of first registration costs across projects**

<sup>4</sup> Indufor is a leading international forest sector consulting group: <https://induforgroup.com/>

Most of the reported cases do not include conflict resolution, if the case is not settled as part of the adjudication or objection processing stages. Accuracy requirements, monumentation, and linkage with land use plans and development plans can significantly increase costs for systematic registration. In the Rwanda case the same level of accuracy and methodology was used for urban parcels as rural. In Tanzania an approved process for mass systematic urban registration is still being established. For national land administration systems, *Burns and Fairlie (2018)* provide a model to estimate operational costs based on personnel, offices and space requirements, parcel numbers and other direct costs (which are broken down)

### **Operational land administration costs (running the land administration systems)**

Operational costs at the national level can also be determined from the official agency budget which classifies income, expenditure and allows financial and operational performance analysis. It can often be split down to lower business unit levels. Actual costs will depend upon the organisation size and structure, number of employees and payments for outsourced services and direct expenses including transport, utilities, accommodation, IT systems (hardware, software, security etc.) and other staff payments. In the case of Rwanda<sup>5</sup>, operational costs for the Rwanda Land Management and Use authority (RLMUA) and the staff at the district offices and including the approximate 400 sector land managers totalled around \$7-7.5 million per year (2016-2018 annual figures); with staff costs consisting of around 66% of the budget. Headquarters staff costs are less than 15% of the staff total.

For Tanzania, operational costs of the Ministry of Land, Housing and Human Development (MLHHSD) averaged \$23 million, with staff cost around 37% over the period 2016-2018 (*MLHHSD, 2019*). In some countries costs are borne directly by the state, in other countries land administration agencies do have some own source revenues and this will count to the overall cost recovery performance of the agency.

### **Revenues and financial sustainability**

Land related revenues can be classified as tax revenues, non-tax revenues and own source revenues.

- Tax revenues are not normally regarded as income of the land administration agency but are critically dependent on the land and property market and land administration data as they require accurate, up to date information about real estate objects and property transactions.
- Non-tax revenues include revenues associated with public land or permitted usage / development of land. They are not normally considered as part of land administration agency own source income.
- Own source revenues include fee income for services (registration, providing official extracts, etc.); income from providing information services (where these are charged), and also other income from other kinds of services (for example: cadastral surveys, valuation, provision of CORS services).

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<sup>5</sup> Source: RLMUA Business Plan, 2018/9

In each country it will vary as to what tax revenues, non-tax revenues and own source revenues exist and whether payments go to the agency or direct to the treasury. However, where they are reported in the government accounts they can be easily identified and quantified. It is important to identify and quantify these different sources and their trends over time as they are strong justifications for having a well-functioning land administration system and can generate significant sources of revenue. For example, in the Tanzania case, annual land rent (annual tax on urban properties) generated over \$40 million USD in the years 2016-2018 which is almost double the annual operating cost of the MLHHSO.

### **Value of additional benefits**

It is recognised that well-functioning land and property markets provide additional benefits that are not immediately realised in monetary terms. When deciding on a land administration initiative, it is normal to undertake a cost / benefit analysis which would include an attempt to quantify these indirect benefits.

As an example, in the case of the Tanzania Scale Up Plan (*MLHHSO, 2019*), the appraisal case considered tenure security; the value of loans that would be secured against registered CCRO (Certificate of Customary Right of Occupancy), and agricultural value added (5% increase in productivity). The proxy for tenure security was the value that landowners were willing to pay to secure the CCRO. These benefits were calculated to have a net present value (NPV) which was more than double the \$380 million estimated cost of the national rural scale up programme.

## **2.4. Good practice review - key findings and success factors**

The good practice review identifies the following key success factors for developing financially sustainable solutions and shows that achieving financial sustainability and developing effective registration / land administration systems are essential complementary measures:

- **A supportive legal and regulatory framework must be in place.** It is essential that legal, policy and institutional frameworks are in place and that they provide a clear outline with well elaborated laws, regulations and there is an institutional structure established.
- **Strong leadership, commitment and a political champion are essential for success.** In both Rwanda and Ethiopia, the programmes benefitted from high level political support, despite having highly decentralised administrative systems.
- **FFP image-based techniques can be used for first registration at low cost.** Mass systematic registration is possible, and it has been shown it can be completed in a reasonable time frame at a unit cost of EUR 10 per parcel or below (for parcels averaging 0.5-2 Ha). These programmes have now covered millions of parcels.
- **There should be a land administration IT system in place or under development / deployment before registration starts.** This ensures security of the registration and its update as well as access to other registration-based benefits.



- **The public must be able to see and realise the benefits of registration.** People must perceive added value / benefits, or they will revert to past practice. Strong, consistent public engagement, with clear incentives are required or informal transactions continue.
- **Beneficiaries are willing to finance or contribute to the costs of first registration.** The Rwanda and Tanzania experiences show that people are prepared to pay for land registration when they see benefits.
- **There must be a route to financial sustainability.** Rwanda shows that modest fees can recoup the cost of the whole registration programme over time thereby contributing to the financial sustainability. Government is interested to increase land-based revenues.
- **The demand side also needs kick starting.** Any land registration programme needs to work with other stakeholders including the private sector to develop access to finance products, professional services (rental agreement, leasing, valuation, estate agency) which both develop private sector capacity and deliver needed services to support land mobility.

From this we can identify **five key prerequisites** that must be in place before sustainable financial solutions can be implemented (Table Two).

1. **There must be a clear legal and policy framework in place embracing all tenure forms**
2. **There must be efficient, established procedures for systematic registration**
3. **The registration process must produce digital data that can be entered into an existing digital land IT system ( or one being established).**
4. **There is clear public acceptance and buy in, clear incentives and benefits can be accessed**
5. **There is a commitment to increase land-based revenues at government level**

**Table Two: Five Key prerequisites to support sustainable financing solutions**

To summarise, it is clear that to achieve sustainable financing of land registration and land administration there needs to be a more holistic approach to improving land governance. This means including planning and thinking about how the registration process can be sustainably financed; how land administration agencies can operate financially; how landholders can realise benefits and so be willing to bear a portion of the cost, and how land-based revenues can be used for community and public benefit.

These factors require a more nuanced, political economy understanding on the one hand, but also require a clearer articulation of the financial or business model that will underpin a successful land administration agency on the other. Based on this analysis, we come to the conclusion that current models and Theories of Change advanced for land projects do not include a consideration of sustainable financing within the model itself.

### 3. Summary of findings from the case studies

#### 3.1. Introduction and methodology

The case studies were undertaken in Ethiopia and Uganda in 2022/23 with the cooperation of the relevant federal, regional, district and municipal authorities. The methodology involved investigating three main themes:-

- **Legal and Fiscal Prerequisites:** examination of the legal and fiscal framework; barriers to expanding registration and land administration; tax and fee structures and their efficiency, effectiveness and governance.
- **Social Acceptance and Safeguards:** Perception of the populace and willingness to pay fees, taxes; use of funds for land related action, especially perception of value of registration and identification of benefits.
- **Investigation of existing infrastructure and costs of land registration and land administration:** Analysis of costs of existing approaches to land registration; assessment of infrastructure, estimation of land administration costs.

The methodology also used some specific approaches to assist in costings and assessing how to introduce sustainable financial performance as an objective into operational programmes.

- For assessing and comparing registration costs, a process / costing model was developed (see section 4) which allows every step of the registration process to be clearly identified. Typically, different actors play different roles during the process and each have their own costs. The model allows these to be identified and attributed.
- To determine operational costs and revenues of the land administration services, Government and local authority budget data was used to gain an understanding of operational costs and revenues; and a checklist was developed to assess the state of readiness to introduce sustainable financing as a programme objective.

#### 3.2. Case study key findings

##### The case studies

This section concentrates on the conclusions and main findings only. A more detailed summary of the Ethiopia and Uganda case studies is included in Annex A

In **Ethiopia**, there is a strong separation of the rural and urban land tenure systems. In the rural sector there is a national IT system being rolled out (NRLAIS) able to accept registration data and support transactions. There is a widely accepted mass registration methodology for rural land which has covered more than 20 million land parcels. The UK FCDO LIFT and MFA REILA projects have demonstrated a demand for access to finance and other services and own source revenues (fees) in the rural sector have increased where levied. The urban and peri-urban domains are not so well organised with incomplete systems and partial coverage. There are fairly good estimates of the costs of developing the NRLAIS and its deployment in the rural sector. Land administration

operational costs can be determined from federal, regional budgets and by estimating the costs at woreda level. In the urban sector, there is no national standardised system deployed, individual cities / regions undertake their own solutions; and so development and operational costs are less known. The case study also shows that increasing the quality and coverage of the land administration data will increase land-based revenues especially in the urban sector.

**Uganda** has a national land administration infrastructure deployed 22 regional MZO offices nationwide which holds leasehold, freehold and Mailo titles but no customary land data, which is still mostly unregistered. There is an established demand for customary land certificates (CCO) and self-financing / contributory models are being tested, however rules and methodology are not yet fully standardised. There is an urgent need to include CCO data into the national system. Uganda is in a favourable position to develop sustainable financing of land registration and land administration. There has been discussion about establishing separate registers for customary land, however there are enormous advantages in extending the functionality of the national system to include customary land, with appropriate processes and safeguards in place. While there is huge experience of undertaking parcel identification, demarcation, adjudication and the issue of CCO; there is no accepted mass approach that can be scaled up and delivered at low cost.

For both countries, taking a holistic view of costs and revenues across the whole land sector at regional level offers an opportunity for a significant level of cost recovery in the sector, as well as emphasising the wider social and economic benefits and increased transparency in the land market.

Table Three summarises the status of the prerequisites that need to be in place to support sustainable financial solutions. Both countries are interested to test the proposition further.

prerequisites	Ethiopia- current status	Uganda- current status
<b>Clear legal and policy framework</b>	<ul style="list-style-type: none"> <li>No integrated national land policy, separation of rural and urban land tenure creates problems, especially in the peri urban areas and no simple method to convert between tenure types</li> </ul>	<ul style="list-style-type: none"> <li>Clear policy and legal framework; implementation regulations (and fees etc.) for customary registration need formulating and standardising. Freehold and leasehold systems in place and functioning</li> </ul>
<b>There must be efficient, established procedures for systematic registration</b>	<ul style="list-style-type: none"> <li>There are well tested, accepted and established procedure in the rural domain, not so clear in the urban sector. In the peri-urban areas there are fundamental tenure problems and land conflicts.</li> </ul>	<ul style="list-style-type: none"> <li>Current procedures for customary registration are not yet optimised for mass registration. Need to simplify the existing approaches for customary land registration and make more systematic. Most freehold title land is already registered.</li> </ul>
<b>The Registration process produces digital data and can be entered to digital land systems</b>	<ul style="list-style-type: none"> <li>Rural systematic process produces digital data and can be entered and maintained by the Rural Land Administration system (RLAS) being</li> </ul>	<ul style="list-style-type: none"> <li>There are systems producing digital data for customary land, however this data is not provided to the national land IT system.</li> </ul>

	rolled out. Urban land administration system not standardised with only smaller initiatives reported.	<ul style="list-style-type: none"> <li>Urgent need to codify and standardise the CCO data model and build this into the national land administration IT system.</li> <li>Most known freehold and leasehold title data is in the national IT system.</li> </ul>
<b>There is clear public acceptance and buy in, clear incentives and benefits can be accessed.</b>	<ul style="list-style-type: none"> <li>The public have been sensitised in the rural domain and incentives and benefits are clear (see the LIFT project). There is a lack of clarity and motivation in urban domain.</li> </ul>	<ul style="list-style-type: none"> <li>The public are motivated to apply for CCO and evidence from GIZ trials shows they are willing to contribute to costs.</li> <li>There is more support needed to develop benefits (for example CCO loans).</li> </ul>
<b>There is a commitment to increase land-based revenues at government level</b>	<ul style="list-style-type: none"> <li>GoE has intention to increase land-based revenues as part of campaign to increase own source revenues. Rural land registration has generated increases in rural land taxes and revenues, increased quality of urban land data also increases land revenues</li> </ul>	<ul style="list-style-type: none"> <li>GoU has intention to increase land-based revenues as part of campaign to increase own source revenues.</li> <li>There is clear evidence of increased land-based revenues in the urban sector with freehold and leasehold property</li> </ul>

**Table Three. Review of prerequisites for sustainable financing:- Ethiopia and Uganda assessment**

## Findings and conclusions of the case studies.

The case studies produced detailed findings which were use to generate specific recommendations for each country (see Annex A). In summary, both countries have a declared interest in increasing domestic revenues while improving service quality and are interested to consider more financially sustainable solutions in the land sector. The following are the broader conclusions that emerge:-

- Clearly Assess existing situation and monitor change.** The case studies show clearly that any financially sustainable model needs to be derived based on existing land tenure and land administration arrangements and how land matters are perceived by the populace. Financial information, both on the costing side and the revenue side, needs to be based on a real understanding of the current legal and policy arrangements, the institutional structures, and what is accepted by citizens as legitimate and socially acceptable. This means there has to be a careful structured diagnostic of the current situation and what is possible in the future, building on the existing situation.
- Preconditions.** It is clear that there are certain preconditions that must be in place before we can consider sustainable financing of land registration and land administration. Each country is at a particular stage of developing its land administration infrastructure and most countries have at least some properties registered.
- Costs.** There are many reports in the literature that provide information on the costs of land registration programmes on a “per parcel” basis. However, it is never clear exactly what costs have been included into the per parcel calculation, and parcel size may not be quoted. For meaningful comparisons, we need a **common process / cost model** to allow costs to be

calculated in the same way and allow a comparison to take place. At the same time, additional information helps to provide context, such as the average parcel size (40Ha plots have a different cost structure to a one Ha plot), urban / rural plots, and the sample size used for the calculation (in the literature, reported estimates are based on sample size of a few hundred to several million).

- **Land based revenues** are often considered completely separately from any land registration / land administration programme. This is despite there being a considerable body of evidence that improving data quality and coverage of the land administration system has a positive effect on land-based revenue generation. Revenues need to be considered within programme design.
- **Benefits.** Evidence from existing programmes shows that people need to be convinced of the benefits of land registration if they are to engage positively with programmes. There also needs to be clear incentives for individual landholders to register transactions. These need to be tangible and directly accessible. Programmes need to focus on this **demand** side. If people can gain access to new kinds of services and can see benefits then they are more likely to engage and be willing to financially contribute. Similarly, if people see positive local benefits arising as a result of local taxation, and the measures are seen as fair, reasonable and applied to all, then they are more willing to pay.
- **Business Case.** There needs to be sound evidence and rationale for action. A business case should be constructed based on quantifiable findings that make sense for both policy makers and land sector professionals, not just based on high level guidelines or aspirations, allowing the government sector to engage and support initiatives.
- **Theory of Change.** To date, most land sector reform programmes and Theories of Change, including programmes in Ethiopia and Uganda have concentrated on improving land rights, land policy, public awareness, undertaking land registration and the development of the land administration infrastructure, with larger land registration programmes being financed by grants or loans from development partners. A more comprehensive **Theory of Change** could be developed that includes longer term financial sustainability as a desired outcome as well as greater focus on the benefits that citizens gain through such programmes.

## 4. Practical recommendations for developing sustainable financing solutions

### 4.1. Introduction

Based on the review of best practice and case studies, the following six basic recommendations set out what must be done to help provide a development pathway for sustainable financing of land registration and land administration. The recommendations are described in detail in the next sections with supporting rationale and proposals for implementing actions proposed and include the following:-



1. **Develop a Theory of Change to accommodate sustainable financing as a desired outcome.** We need to develop a theory of change that will allow us to include a pathway towards financial sustainability when establishing and designing major land projects. We need to include this thinking at an early stage of development. It should include both *demand* side (citizens needs) and the *supply* side (government land services) and needs to draw on greater financial and political economy understanding.
2. **Establish the preconditions.** Establish and assess the preconditions necessary before sustainable financing of land registration and land registration can start to be planned and implemented.
3. **Adopt a standard methodology to assess costs of land registration process.** Use a standard way to assess costs of systematic land registration which considers all process steps from initialisation through to entry into a digital registry system
4. **Identify clear Incentives and benefits for beneficiaries and governments.** Need more research and clearer evidence of how incentives and benefits for landholders and also for government can be implemented thereby encouraging registration and other land administration services.
5. **Adopt a standard diagnostic tool / methodology to carry out a rapid feasibility assessment.** This diagnostic will support a rapid feasibility assessment and assess if it is appropriate to start to introduce sustainable finance and what needs to be done.
6. **Test scaling up and use evidence-based decision making.** Test the approach at district / subcounty level, on basis of evidence prepare business case and decide on scaling up and monitor the financial sustainability over the life of the project.

Finally, there is the question of political will and commitment. Policy makers are normally supportive of efforts to increase financial sustainability but may not necessarily link that with more land registration coverage, better-quality land administration data and increased land market actions and tax revenues. There are also issues of transparency and governance, and where land matters are opaque, then there can be vested interests in preserving the status quo.

There needs to be a way to demonstrate benefits at the political and collective level that come from improved land governance, increased land registration coverage and land administration services as well as contributing to revenue generation. These arguments need to be prepared and presented in a **policy brief for decision makers**, supported with financial forecasts where possible. In the following sections we set out these recommendations, the supporting rationale and indicate the supporting recommended actions to guide development. We also indicate the applicability of these recommendations to both Ethiopia and Uganda as concrete examples.

#### 4.2. *Theory of Change to accommodate sustainable financing as a goal*

##### **Rationale**

In order to include sustainable financing within an analytic framework we need a causal model and theory of change that allows sustainable financing to be included in the overall programme

analysis and design. Figure One (below) shows a theory of change that has been developed based on the literature review and on the experience of developing the analytic methodology for the Uganda and Ethiopia case studies.

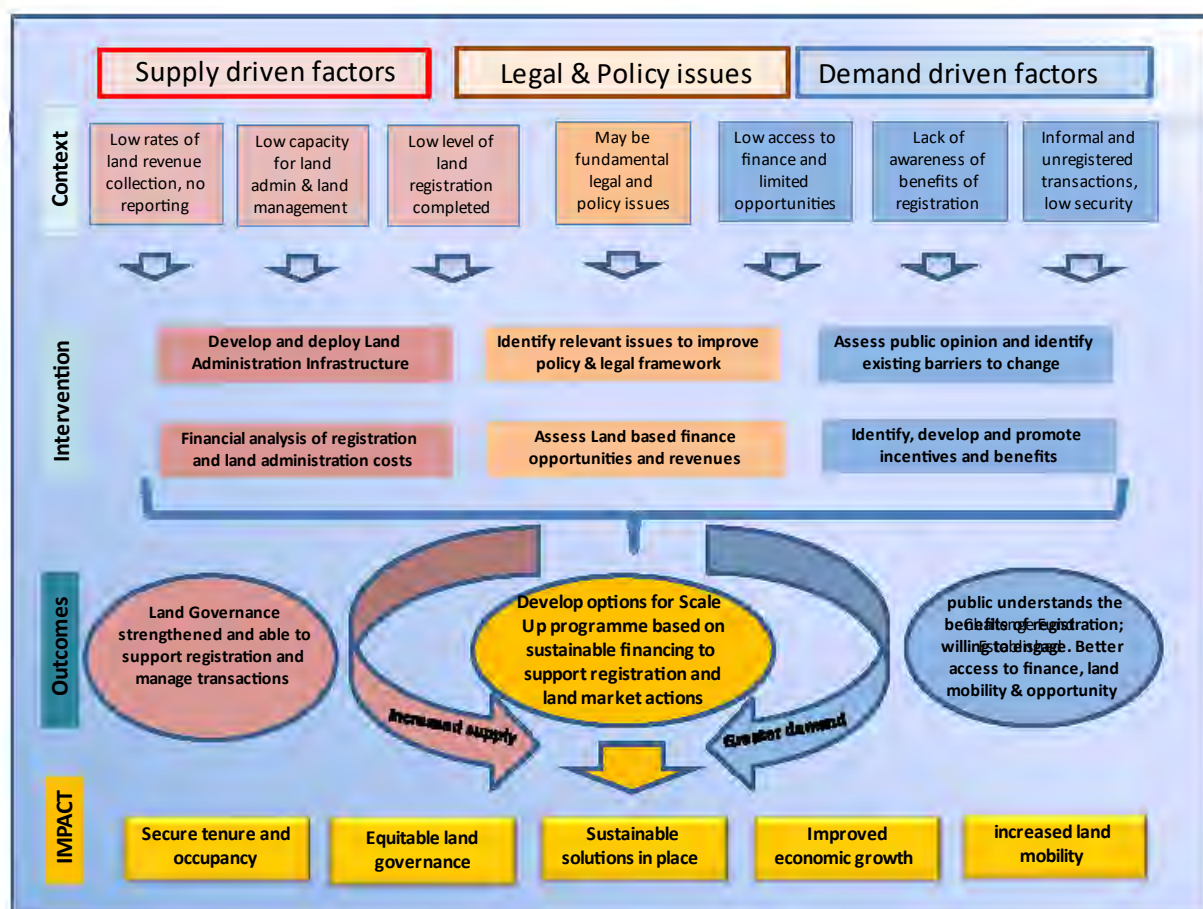


Figure One: Theory of change including sustainable finance as a goal with land programme design

The model addresses the following requirements

- On the **supply** side, the land administration agencies need to be able to support first registration and also manage subsequent transactions which means there must be a system in place (or being deployed) to do this (which could be a local system or part of a national system). We also need to understand the costs of the registration process and the land administration service provision.
- On the **demand** side, we need to understand what are the needs of landholders and other potential system users; ensure that they understand what benefits come from going through the registration process, and that they can realise these benefits without significant barriers. If they are to be asked to pay for land administration services or pay land-based taxes, then they need to see direct benefits or they will not engage. This may also include working with agricultural value chains, MFI, banks and service providers / brokers on the market access and support side which all play a significant role to keep the system sustainable and operational.
- **Legal and policy** issues may create unintended barriers to the registration process so it is important to understand the existing situation. They also cover the basis of user

charging including fees and land related taxes, including their assessment, collection and usage.

Based on this approach we aim to identify barriers to registration and incentives for involvement, while providing social safeguards for vulnerable groups. We can identify costs of land administration provision and the registration process, and we can assess land-based finance options and revenues. We then aim to develop recommendations and options for scaling up registration based on sustainable financing combination of fees and other land-based revenues that can be practically implemented for both on-demand registration and as part of a larger systematic programme.

## Recommended actions

1. Use the Theory of Change to establish a systematic analytic approach to identify and quantify in depth issues that impact sustainable financing and identify measures to address them that can be included in an overall land sector programme design.

## Methodology

The methodology provides a unifying framework which can be implemented through three work packages linked to the theory of change (figure one and two).

	Work Package / Component	Interventions	Desired outcome
1	Policy and legal framework for land and land based revenues	<ul style="list-style-type: none"> <li>Identify relevant issues to improve policy &amp; legal framework</li> <li>Assess Land based finance opportunities and revenues</li> </ul>	Conditions suitable for sustainable finance approach
2	Social Acceptance and Safeguards – citizens buy in	<ul style="list-style-type: none"> <li>Assess public opinion and identify existing barriers to change</li> <li>Identify, develop and promote incentives and benefits</li> </ul>	Citizens have incentives and access to benefit
3	Establishing the Technical infrastructure and supporting measures, costs for land registration and land administration	<ul style="list-style-type: none"> <li>Develop and deploy Registration &amp; Land Administration systems</li> <li>Financial analysis of registration and land administration costs</li> </ul>	<ul style="list-style-type: none"> <li>Registration ongoing, land administration network exists</li> <li>Operational costs understood</li> </ul>

Figure Two: Analytic approach

In each of the work packages there are two interventions, one is focussed more on the conventional approach to designing and implementing land sector programmes, and the second is focussed on making sustainable finance achievable. This diagnostic process will provide baseline information, inform options and then be able to support performance monitoring as the programme proceeds. It also is able to provide a holistic view linking revenue generation, incentives, benefits, land administration, land registration which can be described and tracked with certain metrics. The diagnostic process needs to be adaptive, capable of being applied across a wide set of scenarios, support identification of options and be able to be rapidly and reliably deployed and updated annually. There are four basic assumptions

1. The country has a declared policy that it wishes to undertake registration of land rights.

2. There is a legal and policy framework in place with clear land tenure rights defined in law and the land governance institutions are defined and operational to some extent.
3. There is a political interest and commitment to establishing a functioning land administration system and registering properties but the government may lack the means of doing so.
4. There are probably multiple land initiatives ongoing.

It is not necessary that all institutions are fully established and operational, the methodology will identify what needs to be done and identify bottlenecks and constraints and see what needs to be addressed in order to adopt a sustainable financing approach looking at the three components.

## A. Legal and policy review including land-based revenues, institutional structures

**1. Legal and policy review including land-based revenues, institutional structures**

**Identify relevant issues to improve policy & legal framework**

- a) Undertake legal and policy review to identify institutional structures, impediments and legal barriers to a financially sustainable land administration system
- b) Ensure that all tenure types are identified, quantified (as much as possible) and included in the overall system and institutional structures
- c) Consider simplifying the tenure system if existing tenure systems are overly complex or restrictive
- d) Ensure land policy covers both urban and rural land in an integrated manner with clear institutional responsibilities and no overly complex tenure conversion barriers, but clear rules and safeguards

**Assess Land based finance opportunities and revenues**

- e) Take steps to ensure that cost recovery can be supported by land administration institutions. Does the law allow fees or other revenues to be remitted / offset against land sector expenditure?
- f) Identify and quantify all land related revenues, including fees, tax and non-tax revenues

**Outcome:** Identification of any policy or legal impediments, assessment of tenure types and suitability for sustainable finance; identification and assessment of all land-based revenues.

## B. Social acceptance and safeguards review

**2. Social acceptance and safeguards review**

**Assess public opinion and identify existing barriers to change**

- a) Ensure that landholders understand property rights and benefits that can be realised
- b) Identify any red lines / safeguarding requirements to ensure that no one is adversely impacted

- c) Ensure that disputes are monitored and classified by type both during registration activities
- d) Ensure there is a functioning appeals system in place and operational

#### Identify, develop and promote incentives and benefits

- e) Evaluate the willingness to pay for land related services
- f) Evaluate attitudes to other tax and revenue sources
- g) Identify and quantify incentives for landholders and quantify benefits. Set out targets for both
- h) Ensure that statistical data on registration and transactions etc. can be disaggregated by gender and monitor

**Outcome:** existing public attitude and opinions understood and any barriers to change identified: evaluate the willingness of people to either contribute directly (fees) or indirectly (taxes and other revenues) to land registration / administration services and the sector produces reliable statistical data.

### C. Establishing the technical infrastructure and supporting measures, costs for land registration and land administration

#### 3. Establishing the technical infrastructure and supporting measures, costs for land registration and land administration

##### Develop and deploy Registration & Land Administration systems

- a) Ensure there is an accepted process / workflow in place to undertake systematic registration (tested, documented, agreed) ideally based on FFP
- b) Ensure the registration process must produce digital data. Not just certificates
- c) Ensure there is a land administration system to manage and update the digital registration data – local or national – in development/deployment
- d) Ensure that human capital / skills in place to support the registration and administration process. Use flexible approach so that people have the required skills and not insist on high level technical / legal qualifications

##### Financial analysis of registration and land administration costs

- e) Undertake detailed financial analysis of the registration process using the process /cost model approach
- f) Undertake financial analysis of existing land administration infrastructure using official budgetary information to obtain estimates of operational costs
- g) Ensure that the financial analysis needs to consider both urban and rural land as part of the financial sustainability of the sector
- h) Evaluate development and deployment costs of the land administration systems

**Outcome:** land registration systems and land administration strategy developed, system being deployed; clear assessment of registration and operational land administration costs based on actual existing and projects infrastructure.



## Relevance for Ethiopia and Uganda

Recommendation	Ethiopia	Uganda
<ul style="list-style-type: none"> <li>The approach was used to identify and map out subsequent steps towards achieving financial sustainability</li> </ul>	<ul style="list-style-type: none"> <li>Test beneficiary contributory model in rural sector where SLLC has not been started and closer to urban areas where there are high transaction potentials</li> <li>Test an integrated revenue-based project with cadastre reconstruction in urban sector</li> <li>Address the rural / urban divide</li> </ul>	<ul style="list-style-type: none"> <li>Contributory model is under test in Teso region – needs continued TA support and facilitation</li> <li>Develop standard data model for CCO, and integration to Uganda, fees and processes for transactions, to be established</li> <li>Test full contributory model at subcounty / district level</li> </ul>

**Table Four: Rec #1: Theory of Change – implications for Ethiopia and Uganda**

### 4.3. *Establish the necessary preconditions*

#### Rationale

There needs to be a clear understanding of preconditions that are necessary before it is appropriate to think about introducing sustainable finance as an achievable objective into a land sector development programme. Our aim is to find ways to support land registration and land administration, either through contributions by beneficiaries in exchange for benefits, or by using a portion of own source revenues to defray costs. The Uganda and Ethiopia case studies have certain things in common, even though they have very different land tenure regimes and socio-political views on land and property. They clearly show that certain things must be in place before sustainable financing can be considered.

#### Recommended actions

It is proposed the following preconditions are required to support sustainable financing:

1. There must be a clear legal and policy framework in place with understood tenure regimes; clearly identified institutional bodies with the responsibility for land registration and land administration.
2. There needs to be a well-tested methodology in place for registration that can be scaled up; that is participatory, transparent and accountable and enjoys public acceptance. This must be accompanied by an established and understood system for dealing with disputes and complaints.
3. The registration process must produce digital registry data, not just a paper certificate. There must be a digital registry management / land administration IT system either in place, or developed and under deployment, locally or nationally, to secure, manage and update data.
4. There needs to be public acceptance and buy in. Landholders need to be motivated to register land and transactions and this means there must be clear tangible advantages and benefits

that can be realised through the registration process or people will not feel the need to engage. If this is not in place then the planning for financial sustainability will have to include a component to address it.

- There should be a recognition by government and a commitment to both improving land administration and increasing land base revenues based on principles of fairness, transparency and having complete and up to date information.

## Relevance for Ethiopia / Uganda

Recommendation	Ethiopia	Uganda
Clear legal and policy framework	<ul style="list-style-type: none"> <li>No integrated national land policy, separation of rural and urban land tenure</li> </ul>	<ul style="list-style-type: none"> <li>Clear policy &amp; legal framework; standardise regulations and fees for customary land</li> </ul>
Established procedures for systematic registration	<ul style="list-style-type: none"> <li>Well tested, accepted and established procedure in rural domain, not so clear in the urban sector. Peri urban conflicts</li> </ul>	<ul style="list-style-type: none"> <li>Need to simplify and make more systematic existing approaches for customary land registration</li> </ul>
Registration process produces digital data and can be entered to It system	<ul style="list-style-type: none"> <li>Rural systematic process produces digital data and can be entered and maintained by RLAS. Urban system not standardised with only smaller initiatives+</li> </ul>	<ul style="list-style-type: none"> <li>There are systems producing digital data: need to codify. standardise the CCO data model and build into UgLand national system</li> </ul>
Public acceptance and buy in, clear incentives and benefits.	<ul style="list-style-type: none"> <li>Public motivated were sensitised in rural domain- incentives and benefits clear. Urban domain less clear</li> </ul>	<ul style="list-style-type: none"> <li>Public motivated to apply for CCO and evidence will contribute to costs, more support for CCO loans</li> </ul>
Commitment to increase land-based revenues at government level	<ul style="list-style-type: none"> <li>GoE has intention to increase land-based revenues as part of own source revenues</li> </ul>	<ul style="list-style-type: none"> <li>GoU has intention to increase land-based revenues as part of own source revenues</li> </ul>

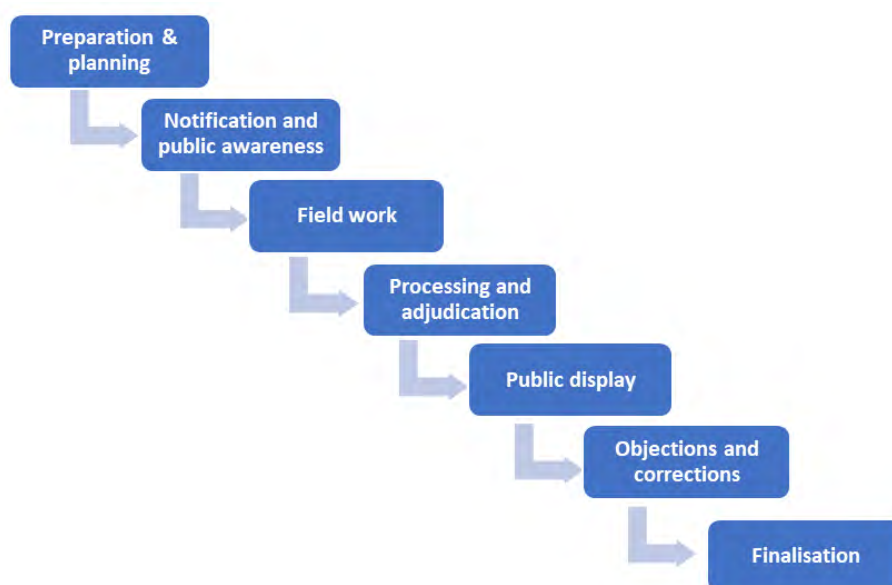
**Table Five: Rec #2: Preconditions – implications for Ethiopia and Uganda**

### 4.4. Use standard methodology to assess costs of land registration process.

#### Rationale

There needs to be a standard way to assess costs of systematic land registration across projects and countries. There is an extensive literature relating to costs of land registration (specifically first registration) in African countries when undertaking mass systematic registration (*English, et al, 2019, Indufor, 2014*). Costs of \$5-\$10 are not uncommon when using FFP techniques with no monumentation. For sporadic work, costs are generally higher, anything up to \$50 to \$100 is quoted in the literature. More detailed analysis shows that these cost estimates in different countries often include different cost factors; some include all field related activities only and no overall coordination or management; others result in issue of certificates; and some programmes include the entry of digital data into the national land administration system. In some cases, only the costs up to the issue and printing of the registration certificate are included.

Figure One below shows the typical flow for a mass systematic registration project within a defined operational area; essentially all systematic registration projects use some variation of this process.



**Figure Three: Generic workflow for first registration** Source: authors' own analysis

The CoFLAS methodology (Burns, et al. 2014, GLTN, 2018). presents a methodology for estimating costs and revenues of a land administration at country level based on a four-step process: initial review and concept development; establishing a national land administration system; operational costs and future revenue streams. It does not provide any detailed methodology for calculating first registration costs, other than advocating that cost estimates for a “per parcel” or “per household” should be based on detailed systematic piloting, and the assumption is that the output is suitable for direct entry to the national land administration system.

To allow a more systematic breakdown of costs in a form that can be compared across projects and then be scaled up, we propose a **process model** approach which divides the first registration process into a number of process steps, beginning with the initial review and conceptual design, plus the operational costs on an area-by-area basis (whether systematic or sporadic). This is shown in Figure Four (overlaf).

The model does not make assumptions about the output of the first registration stage – the process model (steps A-G) will show clearly what is included and what is not included. It is structured so as to reflect those different costs that may be borne by different stakeholders in the process. An additional cost category H is included which covers the programme / donor oversight, however this is rarely reported.

### Recommended actions

1. Adopt a standard method for comparing costs based on a process / cost model (see Figure Four) that includes all steps in the registration process and allows comparison across projects.

	A	B	C	D	E	F	G
	Design	Initiation of activities	Sensitisation activities	Field processing of claims/ adjudication	Approval & print, collect Certificate	Digital preparation	Entry to digital Land Registry
	Programme conception and design, initial investment	Programme Initiation (in a new area)	Sensitisation and awareness raising	All field- based activities resulting in preparation of claims for decision stage	Decision on claim and prepare, print and collect certificate	Digital data ready for entry to land administration system	Digital data entered into a digital land registry and ready for any updating (transactions)
RELAPU customary land	RELAPU-customary land – CCO produced					RELAPU-LIP?	
RELAPU Mailo Land	RELAPU-Mailo land LIP produced				COO	RELAPU-LIP?	
ETHIOPIA SLIC	Standard ministry systematic methodology (systematic) by woreda to produce SLIC						
Actions included (for costing purposes)	All programme documentation, design and initial investments global to the programme (eg imagery, IT equip, manuals, materials etc)	Programme set up costs when it moves into a new area: ie these are per county, per district, woreda, etc. includes capital costs and initial training per area covered	Specifically all those activities associated with outreach, sensitisation, advice, etc, delivered prior to and alongside D	All field based activities, including organising, liaison, training, accepting claims, demarcation, adjudication, public display, objection processing, disputes resolution & ready for final decision/ approval	These activities are often carried out by the land administration agency at a different level to the field activities.	Preparation of data for digital entry into digital land registry / land administration system, including registry data and geospatial data	Data is entered to the digital land registry / land administration system and verified. Ready for transactions.
Costs usually borne by:	Programme sponsor	Programme manager	Implementer – e.g., CSO/ TA	Implementer or Local field teams	Local District/ Ministry officials	Implementer – TA, Ministry or District	

Figure Four: Generic Process Model of first registration process; showing GIZ flow lines (Uganda and Ethiopia)

2. Use the process / cost model approach to analyse the costs of the registration process on a per parcel basis for the registration programme. Once the methodology is established and costs are assigned to categories, then it is a straightforward matter to update this as the programme proceeds. When reporting costs per parcel for systematic registration, it is important to also report

- average size of plot
- whether rural, urban or mixed
- if all stages of the process model (figure two) are included, or what steps are included / missing
- sample size used for the calculation

This additional information will allow a more careful comparison of costs across projects. Worked examples are provided in the detailed case study reports for Ethiopia and Uganda and the process steps involved are shown for the GIZ projects in the figure

**Relevance for Ethiopia / Uganda**

recommendation	Ethiopia	Uganda
<ul style="list-style-type: none"> <li>• Use the process / cost model approach to analyse the costs of the registration process on a per parcel basis for the registration programme</li> </ul>	<ul style="list-style-type: none"> <li>• Process steps B-G are included in the rural LIFT methodology now implemented by Ministry of Agriculture (MoA) on rural land, the REILA methodology</li> </ul>	<ul style="list-style-type: none"> <li>• No standard mass registration process agreed yet, nor comparison of costs across the various pilots</li> </ul>

	<ul style="list-style-type: none"> <li>in Amhara delivers digital data to an interim IT system</li> <li>Rural costs of around \$5 reported by LIFT, slightly higher in Benishangul, Gambella</li> <li>Urban costs unknown</li> </ul>	<ul style="list-style-type: none"> <li>GIZ methodology with extensive sensitisation / outreach at EUR 53 per parcel. Believe it is possible to reduce to around EUR 20 per parcel with more systematic, simpler approach</li> </ul>
<ul style="list-style-type: none"> <li>Use the same approach to monitor expenditure during operational programme</li> </ul>	<ul style="list-style-type: none"> <li>Use this approach to monitor ongoing costs</li> </ul>	<ul style="list-style-type: none"> <li>Use this approach to monitor ongoing costs</li> </ul>
Conclusions	<ul style="list-style-type: none"> <li>Costing model well understood in rural domain</li> <li>Unknown costs in urban domain, need to investigate</li> </ul>	<ul style="list-style-type: none"> <li>Costing model still to be established for customary land</li> </ul>

**Table Five: Rec #3: Process / Costing Model – implications for Ethiopia and Uganda**

#### 4.5. *Establish clear Incentives and benefits for beneficiaries and government*

##### **Rationale**

Need more research and clearer evidence of how incentives and benefits for landholders can be introduced that will ensure people register their land and also any subsequent transactions. There also needs to be stronger evidence of the link between well-established land administration systems and land-based revenues including taxation, land development / use conversion and public lease income.

The justification that is commonly used for land registration programmes is that these programmes will improve tenure and food security and also support economic development. In particular they will secure land rights of landholders and also enhance women's empowerment through ensuring that women are properly represented on land ownership documents and also provide access to credit, reduce land disputes and foster better land management and land improvement practices.

Most land registration programmes will focus on the wider benefits of tenure security, reduction of disputes, response to good governance, women's land rights and emphasise this in the public awareness campaigns. Access to finance is also often stated as a benefit of registration programmes, however most registration programmes do not include any component focussed on actively developing mechanisms to provide access to finance. While access to mortgages is often quoted as a benefit of secure registration, in reality only a smaller group of property owners can effectively access mortgages as even if the law allows land and property to be used as collateral, the borrower has to make regular repayments and interest rates are high. In the rural sector there is a demand for access to small loans with flexible repayment mechanisms. Land programme needs to work with banks and MFI to make these new products available. Similarly, there needs to be supported to facilitate transactions; sharecropping, rentals, sales, transfers and even consolidation which can be facilitated through land market support services.

On the land-based revenues side, there is usually a disconnect between the design of the land registration programme and the implication for land-based revenues. This is partly due to institutional arrangements and the separation of land administration and the land revenues side,



but also partly due to concerns that if people associate registration with increased taxation, they will be reluctant to engage. To offset this, it has to be clear that the objective is to ensure that these are organised in a transparent and equitable manner; that increased revenues will benefit local communities, and the aim is not to increase taxation rates, but ensure that taxation is collected on all eligible properties.

### Recommended actions

1. Programmes need to include a **demand side** component that ensures that landholders have access to direct benefits including access to finance, rental and property market support measures and better access to market information, including rental and sales information. This may also include working with agricultural value chains, microfinance institutions (MFI), banks and service providers / brokers on market access and support side which all play a significant role to keep the system sustainable and operational.
2. Programmes need to understand the **land-based revenues** and be able to identify and quantify existing revenue streams and the potential increased revenues that will come from better quality land information.

There are specific measures that can be taken to support these recommendations, and examples are provided below in table five.

### Relevance for Ethiopia / Uganda

Specific recommendations for incentives and benefits	Ethiopia	Uganda
Promote tenure security and reduce disputes	<ul style="list-style-type: none"> <li>tenure security has been increased and disputes reduced by SLLC process</li> </ul>	<ul style="list-style-type: none"> <li>tenure security is being strengthened by CCO issue; disputes reduced</li> </ul>
Increase women's access to land	<ul style="list-style-type: none"> <li>women's access to land is prioritised and evidence shows it has increased through SLLC process</li> </ul>	<ul style="list-style-type: none"> <li>need to monitor and report</li> </ul>
Establish and promote new channels for access to finance	<ul style="list-style-type: none"> <li>new SLLC backed loan introduced and provided by MFI's</li> </ul>	<ul style="list-style-type: none"> <li>not currently supported – need to introduce</li> </ul>
Support establishment of land rental and transfer markets (as applicable)	<ul style="list-style-type: none"> <li>land rental service providers, standardised contracts introduced</li> </ul>	<ul style="list-style-type: none"> <li>not currently supported – need to introduce</li> </ul>
Facilitate provision of open and transparent land market data and raise professional standards of brokers	<ul style="list-style-type: none"> <li>will be able to be provided through RLAS, not currently published / updated</li> </ul>	<ul style="list-style-type: none"> <li>no system in place to support this for customary land – need to introduce</li> </ul>
Link access to benefits and value chains, support for improved land productivity and investment	<ul style="list-style-type: none"> <li>undeveloped, though impact surveys report increased land productivity and investment</li> </ul>	<ul style="list-style-type: none"> <li>not currently implemented</li> </ul>
Improve land-based revenues through better coverage and completeness of land information data	<ul style="list-style-type: none"> <li>not currently prioritised. Evidence that rural tax revenues have increased where SLLC registration has taken place</li> </ul>	<ul style="list-style-type: none"> <li>not currently implemented on customary land</li> </ul>

Conclusions	<ul style="list-style-type: none"> <li>developing incentives and benefits has been part of the design of the recent SLIC programmes</li> </ul>	<ul style="list-style-type: none"> <li>need to include active support to develop incentives and benefits</li> </ul>
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**Table Five: Rec #4: Incentives and benefits – implications for Ethiopia and Uganda**

#### 4.6. *Use standard diagnostic tool / methodology to carry out a rapid feasibility assessment*

##### **Rationale**

It is understood that certain preconditions must be in place before it makes sense to start thinking that sustainable financing is a viable approach and we need a quick way of assessing that. We also need to ensure that strategies and options to develop the sustainable financing approach are considered and embedded into programme design.

When considering a new programme, it is essential to understand the specific circumstances in the country, region and sector where the programme will be initiated. Every country has a particular unique combination of land tenure, land policy, legal and institutional structures, socio economic factors, which will dictate what is possible and what kind of approach to sustainable financing is possible. Rather than develop a set of step-by-step recommendations, it is preferred to establish a simple diagnostic process that will identify the areas where action is needed and what are the options for action.

##### **The rapid feasibility assessment checklist**

Based on the experience of developing a methodology for the case studies, we have developed a short **checklist** which will quickly establish if it is appropriate to introduce thinking about financial sustainability and where are problems and bottlenecks. It relies on assessing if a particular issue can be addressed or not, and identifies quickly (and at a high level) what must be done. The checklist (Table six) is divided into three sections:

- A. Legal and policy review including land-based revenues
- B. Social acceptance and safeguards review
- C. Establishing the technical infrastructure and supporting measures, costs for land registration and land administration

The idea is to test if basic preconditions are in place, where problems are likely to be, and is it an appropriate time to think about sustainable financing, in which case a more in-depth analysis and programming can be undertaken. For example, if there is not yet an accepted workflow in place to undertake systematic registration ideally based on FFP (question C.1 in the checklist), then it is probably not yet ready for scaling up and thinking about sustainable financing.

Country, Region		Insert "Yes" / "No" or "Can be done" / "Cannot be done"	Comments? Identify any bottlenecks / constraints
<b>A. Legal and policy review including land-based revenues</b>			
	1. Undertake legal and policy review to identify impediments and legal barriers to a financially sustainable land administration system.		
	2. Ensure that all tenure types are identified, quantified (as much as possible) and included in the overall system and institutional structures.		
	3. Consider simplifying the tenure system if existing tenure systems are overly complex and / or restrictive.		
	4. Ensure land policy covers both urban and rural land in an integrated manner with no overly complex tenure conversion barriers, but clear rules and safeguards.		
	5. Take steps to ensure that cost recovery can be supported by land administration institutions. Does the law allow fees or other revenues to be remitted / offset against land sector expenditure?		
	6. Identify and quantify all land related revenues, including fees, tax and non-tax revenues.		
<b>B. Social acceptance and safeguards review</b>			
	1. Ensure that landholders understand property rights and benefits that can be realised.		
	2. Identify any red lines / safeguarding requirements to ensure that no one is adversely impacted.		
	3. Ensure that disputes are monitored and classified by type both during and post systematic land registration.		
	4. Ensure there is a functioning appeals system in place and operational.		
	5. Evaluate the willingness to pay for land related services.		
	6. Evaluate attitudes to other tax and revenue sources.		
	7. Identify and quantify incentives for landholders and quantify benefits. Set out targets for both.		
	8. Ensure that statistical data on registration and transactions etc. can be disaggregated by gender and monitor.		
<b>C. Establishing the technical infrastructure and supporting measures, costs for land registration and land administration</b>			
	1. Ensure there is an accepted process / workflow in place to undertake systematic registration (tested, documented, agreed) ideally based on FFP.		
	2. Ensure the registration process must produce digital data. Not just certificates.		
	3. Ensure there is a land administration system to manage and update digital registration data – local or national – in development / deployment.		
	4. Ensure that human capital / skills are in place to support registration and administration processes. Use flexible approach so that people have the required skills and not insist on high level technical / legal qualifications.		
	5. Undertake detailed financial analysis of the registration process using the process / cost model approach.		
	6. Undertake financial analysis of existing land administration infrastructure using official budgetary information to obtain estimates of operational costs.		
	7. Ensure that the financial analysis needs to consider both urban and rural land as part of the financial sustainability of the sector.		
	8. Evaluate development and deployment costs of land administration systems.		
<b>Overall conclusion</b>			

Table Six: Checklist for rapid feasibility assessment

### Recommended actions

1. Apply a simple checklist to rapidly analyse land sector programmes and see if a sustainable finance solution is feasible and identify problems that must be addressed. The checklist must

be simple and able to be easily applied. A proposed checklist is shown in Table Six (below) and has been applied to Ethiopia and Uganda.

2. Apply the checklist on an annual basis to any programme as part of an annual review process, thereby highlighting issues that impact sustainable financing.

### **Relevance for Ethiopia and Uganda:**

The checklist can be applied to both Ethiopia and Uganda, and any other country considering sustainable financing to determine the state of readiness.

#### *4.7. Test scaling up and use evidence based decision making*

### **Rationale**

Implementing recommendations 1-5 will set up the preconditions and establish an approach for introducing sustainable financing as an objective into land programmes. It will evaluate if legal, fiscal and policy requisites are in place and also evaluate social acceptance, willingness to pay, and quantify both costs and land-based revenues. It will also identify incentives and benefits and develop a possible model for implementation. This model should then be tested and results monitored at a sub-regional level initially to obtain better information about actual costs and land-based revenues that can be generated through registration and land administration services. A full Business Case prepared for national scale up and roll out can then be prepared.

### **Recommended actions**

1. Based on the analysis and theory of change, design a local (sub-regional / district) land revenues project that includes both demand and supply elements, closely monitoring all registration actions, transactions, and the improvement of land information for land-based revenues and ensuring there are incentives and benefits in place for landholders. The project needs to be locally based, so that revenues and costs are fully included within that administrative area and needs to run long enough to allow the impact to be assessed
2. Monitor the progress of the project and actively report any changes in revenue generation or progress towards sustainable finance. Adopt an inclusive revenue and cost structure so that a percent cost recovery figure can be calculated for land administration provision within the test area. Use this evidence base to inform policy makers and influence decision making. Based on results of the test project, prepare a full-scale business case for national implementation with full revenue projections.
3. Prepare a policy brief on sustainable finance supported with financial forecasts, clearly setting out costs and projected revenues showing the impact of the programme.

## Relevance for Ethiopia and Uganda

recommendations	Ethiopia	Uganda
Test a region / district-based model and monitor and report performance	<ul style="list-style-type: none"> <li>• Test the introduction of beneficiary contributions in rural woreda – ensure benefits and incentives are in place.</li> <li>• In peri urban area design an integrated revenue-based project, improving coverage and quality of land information to increase land-based revenues.</li> </ul>	<ul style="list-style-type: none"> <li>• Test the introduction of a contributory model where beneficiaries make part payments for customary registration and also pay transaction fees.</li> <li>• At the District and subcounty levels, ensure connectivity to IT system and standard rules, data model for CCO etc.</li> </ul>
Monitor performance and make recommendations for scaling up based on evidence	<ul style="list-style-type: none"> <li>• As rural level will only produce low level of cost recovery, monitor in peri urban and identify benefits of integration of rural / urban.</li> </ul>	<ul style="list-style-type: none"> <li>• Based on the contributory model establish guidelines / plan for how to introduce elsewhere for customary land.</li> </ul>
Business case	<ul style="list-style-type: none"> <li>• Prepare overall business case for scale up.</li> </ul>	<ul style="list-style-type: none"> <li>• Prepare overall business case for scale up.</li> </ul>
Policy brief	<ul style="list-style-type: none"> <li>• Prepare policy brief for decision makers setting out benefits of the sustainable finance approach with financial forecasts, etc</li> </ul>	<ul style="list-style-type: none"> <li>• Prepare policy brief for decision makers setting out benefits of the sustainable finance approach with financial forecasts, etc</li> </ul>

**Table Seven: Scaling up and testing - implications for Ethiopia and Uganda**

The aim of the policy brief is to address political will and commitment. Policy makers are normally supportive of efforts to increase financial sustainability but may not necessarily link that with more land registration coverage, better-quality land administration data and increased land market actions and tax revenues.

There are also issues of transparency and governance, and where land matters are opaque, then there can be vested interests in preserving the status quo. There needs to be a way to demonstrate benefits at the political and collective level that come from improved land governance, increased land registration coverage and land administration services as well as contributing to revenue generation.

These sustainable finance arguments need to be prepared and presented in a **Policy Brief for decision makers**, supported with financial forecasts where possible., clearly setting out costs and projected revenues showing the impact of the programme.



## 5. Recommendations for further work

There are recommendations for further work which should be considered by Development Partners and others interested to further develop practical means of establishing sustainable financing of land registration and land administration.

1. **Establish new Theories of Change** embracing the concept of sustainable financing that will allow us to include a pathway towards financial sustainability when establishing and designing major land projects. We need to include this thinking at an early stage of development. It should include both *demand* side (citizens needs) and the *supply* side (government land services) and needs to draw on greater financial and political economy understanding.
2. **Need more insight and understanding of benefits and incentives.** To date there has been little attempt to integrate a programme of economic and other incentives into land programmes, with the notable exception of the LIFT Ethiopian project. It is recommended that there should be more exploratory work into what constitutes effective incentives and what tangible benefits in terms of access to services, capital, markets can be achieved and linked directly to delivery of a land registration and land administration programme.
3. **Land administration / land-based revenues** - need better information about linkages between land administration and tax / non-tax revenues. The budget analysis approach advocated in this study provides insight into existing land administration costs. We need to advocate for greater clarity and consistency, openness in reporting land related revenues (tax and non-tax revenues and encourage routine reporting so as to demonstrate the link between clarity of land administration data and enhanced revenue collection.
4. **Rapid Feasibility Assessment.** Further develop and test the rapid feasibility Assessment of Sustainable Financing (ASF) checklist approach by applying to existing GIZ land programme countries. Major land projects should include a financial feasibility assessment as part of their design and be periodically updated.
4. **Design and test integrated “revenue and land” project** that is essentially adopting an own source revenue-led approach within a defined administrative unit (subcounty / district). It is an opportunity to understand and confirm costs and revenues that arise at this level, and to be able to generate a level of cost recovery for the district linking revenue and expenditure. Identify and disseminate the results and establish business case templates for scaling up.
5. **Establish a Development Partner led “sustainable financing” initiative (working group)** to both promote further research and action and exchange knowledge and promote experience across donors / countries.
5. **Test, adapt, Implement.** Use evidence base to inform decision making and political thinking – why support the land sector and what are the benefits. Identify success stories and ensure the experiences are discussed and the findings disseminated.

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## ANNEX A: The Ugandan and Ethiopian case studies

### A.1. Methodology

The methodology involved investigating three main themes and assessing the situation in terms of six actions that must be achieved for sustainable financing of land registration and land administration.

Thematic stream for analysis	Assessment actions
<b>1 Legal and Fiscal Prerequisites:</b> examination of the legal and fiscal framework; barriers to expanding registration and land administration; tax and fee structures and their efficiency, effectiveness and governance.	<div style="background-color: #f4a460; padding: 5px; margin-bottom: 5px;">Identify relevant issues to improve policy &amp; legal framework</div> <div style="background-color: #f4a460; padding: 5px;">Assess Land based finance opportunities and revenues</div>
<b>2 Social Acceptance and Safeguards:</b> Perception of the populace and willingness to pay fees, taxes; use of funds for land related action, especially perception of value of registration and identification of benefits.	<div style="background-color: #6699cc; padding: 5px; margin-bottom: 5px;">Assess public opinion and identify existing barriers to change</div> <div style="background-color: #6699cc; padding: 5px;">Identify, develop and promote incentives and benefits</div>
<b>3 Investigation of costs of land registration and land administration:</b> Analysis of costs of existing approaches to land registration; estimation of land administration costs.	<div style="background-color: #c06060; padding: 5px; margin-bottom: 5px;">Develop and deploy Registration &amp; Land Administration systems</div> <div style="background-color: #c06060; padding: 5px;">Financial analysis of registration and land administration costs</div>

The methodology also developed some specific approaches to assist in costings and assessing how to introduce sustainable financial performance as an objective into operational programmes. For assessing and comparing registration costs, a process / costing model was developed. Government budget data was used to gain an understanding of operational costs; and a checklist was developed to assess the state of readiness to introduce sustainable financing as a programme objective.

### A.2. Country context

The case studies consider Uganda and Ethiopia, two of the countries where GIZ has been active in supporting land registration activities and establishing land administration systems. The case studies consider the sustainable financing of registration and land administration and generate both specific country-based recommendations and also more general recommendations that are more universally applicable.

#### Ethiopia

In Ethiopia there are separate tenure systems for urban and rural land. In the **rural** areas, first level certification was largely completed by around 2010 for most rural rights holders in the three regions of Tigray, Oromia, Amhara and holders were provided with a land holding book that listed parcels and landholders. Since 2010, the REILA and LIFT programmes, plus GoE initiatives have undertaken Second Level Land Certification (SLLC)<sup>6</sup> for over 22 million parcels out of the total estimated 40 million in the rural sector across the country. These SLLC parcels have been demarcated and certificates issued free of charge. Over 15 million parcels are now included into the National Rural Land Administration Information System (NRLAIS) which is being progressively rolled out with the rural registration programme. From a taxation viewpoint, agricultural income tax and rural land use tax exist, and all landholders are required to pay taxes annually. They are based on land area of the taxpayer and are essentially regressive in that holders of larger properties pay at lower rates per unit area of land.

<sup>6</sup> In Ethiopia, The SLLC process involves systematic identification and recording of the geospatial parcel footprint and connecting that with the landholder and the holding rights.

In **urban** areas, land is held through lease or through “old possession” permits. Land cannot be owned outright as a freehold and hence there is a payment of land lease to the city or regional authorities. Only around 3% of properties are registered within the city / municipal cadastral IT systems. Land administration is governed by MUDI (Ministry of Urban Development and Infrastructure) and implemented through city / municipality level land administration bureau. There are several different entities at department level with overlapping responsibilities for registration of urban properties and a poor reputation for customer service. Land-based revenues include land lease payments; city land rent (old possessions), roof tax, as well as transaction fees and stamp duty on the sale of built-up property. As land cannot be bought or sold, the only way that land can be brought into the urban sector is through the process of land allocation or auction by the municipal authority following expropriation. Urban properties (buildings) can be mortgaged.

The **peri-urban** areas are those areas where rural and urban land holdings meet. When the city expands, then rural land holdings become included within the expanded city boundary. Normally, at some point this land is then expropriated by the city authority and allocated – usually for social housing projects. In practice, there can be a delay of several years, and in the meantime, the farmer will sell small subplots for informal residential purposes, as they know the land will eventually be expropriated. The result is that the difficulty of converting from rural to urban rights is actually feeding the development and spread of urban informal properties.

GIZ, along with the GoE and other development partners is now supporting SLLC activities in Benishangul and Amhara by providing direct support to rural woreda and regional bureau (other projects are proceeding elsewhere in Ethiopia financed by other donors). While there is a clear strategy, methodology and wide acceptance for the SLLC process and introduction of the NRLAIS in the rural domain, the urban domain remains unclear with low levels of registration, service delivery problems and institutional issues.

## Uganda

Uganda has a comprehensive set of land laws and a National Land Policy (NLP, 2013) which aim to both protect land and natural resources and also support sustainable development while reducing poverty, increasing wealth opportunities and furthering the socio-economic development of the country. Article 237 of the constitution vests land in the citizens of Uganda and states that they will hold it in four tenure types – *Customary, Freehold, Leasehold* and *Mailo*. It is estimated that 80% of the country is covered by customary land, 15.6% Mailo and 2.4% is freehold and 2% leasehold.

The NLP explicitly covers all land tenure types and is designed “...to ensure efficient, equitable and optimal utilization and management of Uganda’s land resources for poverty reduction, wealth creation, and overall socio-economic development of the country”. In particular, both the Land Act and the NLP emphasise the role of customary rights and their legal equivalence to other tenure forms such as freehold and leasehold (Policy statement 43 of the NLP).

The government of Uganda has established a nationwide land administration IT system deployed at 22 Ministry Zonal Offices (MZO) which currently contains most of the known freehold, leasehold and Mailo titles in digital form. The system does not currently contain any information on customary land. Freehold and leasehold is the dominant tenure form in many urban communities and it is believed that most properties are now in the national land administration system. Mailo titles are also in the system but many of these titles relate to historic situations and records have not been updated.

On Mailo land there are an unknown number of private tenancies which are formally encumbrances on the Mailo title. There can be up to 300 or more per Mailo title and most tenants do not have clear evidence of their tenancy and there are many boundary disputes.



There is an extensive body of legislation related to Mailo land and tenancy rights. Nonetheless, there have been efforts to document rights of private Mailo tenancies through the GIZ Improvement of Land Governance in Uganda (ILGU) project.

On customary land, the Land Act (Cap 227) provides for creating the legal, administrative and technical infrastructure for the certification of customary tenure on demand in every district and subcounty throughout the country. The strategy for service provision is still undergoing piloting with no commonly agreed national strategy for rolling it out at scale across the whole country, and there are numerous pilot projects being undertaken by various donor supported groups.

In Uganda, GIZ has been supporting the development and testing of procedures to register customary land through the issue of CCO (Certificates of customary ownership) at community level with a highly participatory and inclusive approach as well as working with Mailo lands to clarify long term lease arrangements and generate COO (Certificates of ownership).

### **A.3 Findings of the case studies**

#### **Legal and fiscal prerequisites**

In **Ethiopia**, the split between the urban and rural tenure domain dominates all land administration matters and also leads to very different practices and large contrasts across the two domains. In the rural domain, the legal and fiscal prerequisites are mostly in place, but the willingness to pay for SLLC is currently untested, although anecdotal evidence suggests people may be willing to contribute where they see direct benefit. Recently, fees are being introduced for rural land services and transactions are being processed at woreda level where NRLAIS is installed. Laws and regulations are being modified to enable the new SLLC backed loan to be introduced at the regional level. On the revenue side, land use fee and agricultural income tax are payable by land users and the revenues show a marked increase in those woreda where SLLC has been completed.

In the urban sector there are institutional complexities, legal responsibilities are not always clear, and the public is not fully informed how the sector works. It is estimated that only 3% of urban properties are registered fully in a digital cadastral system. Currently, there is no overarching strategy, nor agreement on methodology for a systematic registration or “cadastral reconstruction” programme to improve the spatial information, legal rights, rights holders in the cadastre. There are numerous sources of land-based revenues in the urban sector, and there is clear evidence that where there is better and more complete information about land parcels, then revenues are higher.

From the revenue generation viewpoint, there are substantial land related own-source revenues (land-based taxes and lease charges), though there has not been any attempt to systematically identify, collate and present this information nationally. The study identifies and quantifies these sources. There is evidence of increased collection of rural land use fees and agricultural income tax in those areas where better and more complete parcel information is available as a result of SLLC activities. Urban revenues are also increased where there is better and more complete land parcel data. We can conclude that there is significant potential to increase land-based revenues through completing registration and improving land administration. There is a strong interest by Government to increase own-source revenues, both tax-based revenues and non-tax revenues.

**Uganda** is fortunate in that some of the legal and fiscal prerequisites are in place. Uganda has a national land administration IT system that has been developed and it is deployed across the country through a network of 22 Municipal Zonal Offices (MZO) supporting districts and covering all freehold, leasehold and Mailo titles, but not customary land. There is not yet an agreed standardised methodology for registration

of customary land nor any system in place to manage and update CCO once they are produced. Many customary land registration projects are donor funded while some are implemented directly by government and / or by CSO/NGO, but are restricted to a few thousand parcels in their scope. CCO cannot be easily updated as the systems, rules, processes and fees for updating the CCO are not yet in place, nor is there any institutional or technical infrastructure currently in place to support this.

On the fiscal side, there are strong revenues for land administration fees generated by freehold, leasehold transactions and these are tracked and logged in the national land administration system. Recent initiatives which have increased the coverage and accuracy of property data in the urban revenue has led to significant revenue increases. There is a strong interest by government to increase own-source revenues, both tax-based revenues and non-tax revenues.

### **Social acceptance and safeguards**

In **Ethiopia** there is a well-developed registration methodology in place in the rural sector that has covered more than 50% of the rural parcels that exist, there is no equivalent in the urban sector. The rural SLLC methodology is well accepted and seen as sensitive to gender and the needs of the vulnerable. There are a number of safeguards built into the process including prior identification and mapping of vulnerable groups; use of social development officers; emphasis on joint titling; public display and objections / corrections, however it's not clear if all these steps are always followed in all cases. In the urban sector, there is no similar programme to address urban parcels and rights holders and most registration proceeds in a sporadic, case by case manner.

The package of incentives and benefits developed in the rural sector, including access to new SLLC based loan products and increased rental market support, have increased land mobility and improved access to finance (more than EUR 15 million has been advanced through SLLC loans by local microfinance institutions). The NRLAIS supports registration of rental contracts and LIFT / REILA have supported the introduction and training of rental service providers to establish a market for connecting land renters and renters. Previously, rentals were largely informal and limited to close family, community members. Formalising contracts and registering them provides greater security for all involved. More than 20,000 land rental transactions have been made possible by establishing and training more than 525 land rental service providers

In the urban sector, there is much more confusion and overlapping of responsibilities, lack of systematic organised approaches and no agreed programme or methodology to register / improve the cadastre which also includes systematically updating legal occupancy. Most urban registration proceeds sporadically at the moment, and the premise of people contributing to urban systematic registration programmes has not been tested, however it is believed that if people can see tangible benefits, they are likely to support such an initiative.

In **Uganda**, most leasehold, freehold and Mailo titles are registered and managed in the national land administration system which is deployed nationwide and has standardised processes that are operational and accepted. For customary land, covering 80% of the territory, there is increasing social acceptance and support for registration of customary land, however there is no standard approach and different projects have different methodologies. Most projects have processes to engage stakeholders and the community in place, but the processes do not include large scale public display in the same way as Ethiopia, with less opportunity for objections.

For customary land, covering some 80% of the country, there is no single approved methodology nor processes defined. However, the extensive grass roots and community-based work undertaken by all

partners in Uganda has raised land rights awareness in many parts of the country, and spurred the demand for land-based benefits (such as security of tenure, access to finance. GIZ has introduced the Land Inventory Protocol (LIP) which provides a digital record of the land occupancy, area, claimant and in Mailo land there is evidence that where land rights are clarified and a LIP issued then banks are willing to lend larger amounts than when there is no documentation. On customary land, landholders are interested to register the land in order to obtain loans and in areas close to urban centres (e.g., Teso), then banks cooperate in the registration process and help finance the process on a case-by-case basis.

### Technical Infrastructure and costs

In **Ethiopia** there is a good understanding of rural land registration and land administration costs, less so on the urban side. The rural registration is based on FFP principles and incurs very low systematic registration costs of around EUR 5 per parcel<sup>7</sup> for very large-scale systematic work (LIFT project), and up to EUR 10-20 per parcel is reported by other projects. There is no systematic reporting of the costs of registration projects in the urban sector, and sporadic registration costs are high.

There are fairly good estimates of the costs of developing the NRLAIS and its deployment in the rural sector, and the operational costs can be determined from federal, regional budgets and by estimating the costs at woreda level. We do not have similar information or insight in the urban sector; there is no national standardised system deployed, individual cities / regions undertake their own solutions; development and operational costs are unknown.

The case study also shows that increasing the quality and coverage of the land administration data will increase tax revenues substantially. Taking a holistic view of costs and revenues across the land sector at regional level offers an opportunity for a significant level of cost recovery in the sector, as well as emphasising the wider social and economic benefits and increased transparency in the land market.

**Uganda** is in a favourable position to develop sustainable financing of land registration and land administration. Uganda has a national land administration infrastructure deployed to MZO level which holds leasehold, freehold and Mailo titles but no customary land data, There has been discussion about establishing separate registers for customary land, however there are enormous advantages in extending the functionality of the national system to include customary land, with appropriate processes and safeguards in place. While there is huge experience of undertaking parcel identification, demarcation, adjudication and the issue of CCO; there is no accepted mass approach that can be scaled up and delivered at low cost. GIZ has pioneered a contributory / self-financing model, and in the absence of the likelihood of a massive donor driven country wide campaign (cost estimates vary from EUR 300-500 million) this seems the most promising way forward. Current costs which include extensive sensitisation and outreach average around EUR 50 per parcel and it is believed that this can be reduced to below EUR 20 per parcel by adopting a more systematic and slightly simplified approach.

Apart from the registration step, there needs to be attention on the establishment and financially sustainable operation of the land administration system. The case study shows that fee revenues for leasehold, freehold, Mailo titles is very strong, but fee revenues for CCO transactions are not yet established. The case study also shows that increasing the quality and coverage of the land administration data will increase tax revenues substantially. Taking a holistic view of costs and revenues across the land sector at district level offers an opportunity for a significant level of cost recovery in the sector, as well as emphasising the wider social and economic benefits and increased transparency in the land market.

<sup>7</sup> See UK FCDO LIFT Project Completion Review (November 2021): *Output 1.3 Cost per certificate: £3.49* (see <https://devtracker.fcdo.gov.uk/projects/GB-1-202900/documents>)

## Summary – prerequisites for sustainable financing.

Table A.1 summarises the status of the prerequisites that need to be in place to support sustainable financial solutions. Both countries are interested to test the proposition further.

prerequisites	Ethiopia- current status	Uganda- current status
<b>Clear legal and policy framework</b>	<ul style="list-style-type: none"> <li>No integrated national land policy, separation of rural and urban land tenure creates problems, especially in the peri urban areas and no simple method to convert between tenure types</li> </ul>	<ul style="list-style-type: none"> <li>Clear policy and legal framework; implementation regulations (and fees etc.) for customary registration need formulating and standardising. Freehold and leasehold systems in place and functioning</li> </ul>
<b>There must be efficient, established procedures for systematic registration</b>	<ul style="list-style-type: none"> <li>There are well tested, accepted and established procedure in the rural domain, not so clear in the urban sector. In the peri-urban areas there are fundamental tenure problems and land conflicts.</li> </ul>	<ul style="list-style-type: none"> <li>Current procedures for customary registration are not optimised for mass registration. Need to simplify the existing approaches for customary land registration and make more systematic. Most freehold title land is already registered.</li> </ul>
<b>The Registration process produces digital data and can be entered to digital land systems</b>	<ul style="list-style-type: none"> <li>Rural systematic process produces digital data and can be entered and maintained by the Rural Land Administration system (RLAS) being rolled out. Urban land administration system not standardised with only smaller initiatives reported.</li> </ul>	<ul style="list-style-type: none"> <li>There are systems producing digital data for customary land, however this data is not provided to the national land IT system.</li> <li>Urgent need to codify and standardise the CCO data model and build this into the national land administration IT system.</li> <li>Most known freehold and leasehold title data is in the national IT system.</li> </ul>
<b>There is clear public acceptance and buy in, clear incentives and benefits can be accessed.</b>	<ul style="list-style-type: none"> <li>The public have been sensitised in the rural domain and incentives and benefits are clear (see the LIFT project). There is a lack of clarity and motivation in urban domain.</li> </ul>	<ul style="list-style-type: none"> <li>The public are motivated to apply for CCO and evidence from GIZ trials shows they are willing to contribute to costs.</li> <li>There is more support needed to develop benefits (for example CCO loans).</li> </ul>
<b>There is a commitment to increase land-based revenues at government level</b>	<ul style="list-style-type: none"> <li>GoE has intention to increase land-based revenues as part of campaign to increase own source revenues. Rural land registration has generated increases in rural land taxes and revenues, increased quality of urban land data also increases land revenues</li> </ul>	<ul style="list-style-type: none"> <li>GoU has intention to increase land-based revenues as part of campaign to increase own source revenues.</li> <li>There is clear evidence of increased land-based revenues in the urban sector with freehold and leasehold property</li> </ul>

**Table A.12. Review of prerequisites for sustainable financing**

In Ethiopia, in the rural sector there is a national system in place able to accept registration data and support transactions, There is a widely accepted mass registration methodology for rural land. The LIFT project has demonstrated a demand for access to finance and other services. Own source revenues in the rural sector have increased. The urban and peri-urban domains are not well organised with incomplete systems and many problems, and this urgently needs to be addressed.

In Uganda, there is a national IT system in place but does not yet include customary land. There is an established demand for customary land certificates and self-financing / contributory models are being tested, however rules and methodology are not yet standardised. Urban freehold and leasehold titles are mostly registered. There is an urgent need to include CCO data into the national system.

## A.4. Country level recommendations arising from the case studies

The recommendations and options build on the existing work that has been carried out by the country governments, regional and district authorities and development partners. The recommendations are designed to address what have been identified as existing barriers or address issues in the policy and fiscal framework; support the technical needs for standardising the registration processes and the inclusion of the resultant data into the national land administration system while ensuring safeguards are in place and enhancing social acceptance. In both cases, specific recommendations are made, and in each case, it is recommended that a short **Policy brief for decision makers** is produced that clearly sets out the costs and benefits of adopting a more financially sustainable approach for land registration and land administration.

### a) Ethiopia

There is a clear need to improve land policy and to overcome the problems created by the rural /urban tenure divide. There is also a need to get a better understanding of costs and revenue potentials, especially on the urban side where the potential income gains are very significant. Specific recommendations include:-

1. **Land policy and urban / rural divide.** There is a need for a national integrated land policy covering urban and rural land and a simpler means of tenure conversion. Consider integrating urban and rural land administration under a single authority and clarify the legal arrangements that will allow a portion of tax and own source revenues to be retained to support registration costs in both rural and urban settings.
2. **Need to estimate revenue potentials.** Need clear assessment of actual land-based revenues within urban and rural domains and an analysis of the revenue base coverage.
3. **Fees.** There needs to be clear guidelines issued for setting fees for SLLC and subsequent rural transactions. Consider allowing for partial self-financing of the SLLC process.
4. **Test contributory models.** Test the following propositions: a) landholders are willing to contribute to SLLC costs and b) landholders are willing to support improvements of the tax base leading to higher tax and non-tax revenues that will in turn benefit communities. In this later scenario it is the rise in revenues that justifies the investment. There needs to be similar research in the urban domain to see if landholders are willing to contribute to systematic programmes.
5. **Access to finance and rental market support.** In the rural sector, continue support for MFI providers and rental service providers, consider publishing land market data on regular basis by locality.
6. **Continue SLLC programme and introduce digital field data capture systems.** Introduce digital field data capture systems that can integrate directly to NRLAIS - increase efficiency, reduce errors and reduce costs.
7. **Urban land administration**– require organizational and technical review and streamlining, plus adoption of IT systems for land data management – and link with revenue raising requirements.
8. **Urban land registration.** Consider “*cadastre reconstruction*” type approach with modified SAR (systematic adjudication and registration) to also include clarifying of legal relations as well as spatial objects.
9. **Initiate an integrated land / revenue project.** The concept of increasing cost recovery for city / sub city / woreda should be explored in an integrated project including all land related service expenses and all revenues (including all infrastructure and operational costs).

### b) Uganda



In the case of Uganda, it is recommended that now is the right time to address the remaining issues on CCO registration and to expand the self-financing test to look at all land related revenues and benefits at the sub country / district level. There needs to be more support for ensuring that incentives and benefits, such as those developed in Ethiopia, can be made available in Uganda, and that a portion of fee income can be retained to assist with local registration costs. Specific recommendations include

1. **Obtain Legal clarity on fee retention.** Need for legal clarity under the Public Finance Management Act 2015 that a portion of land fees can be retained to support service delivery.
2. **Obtain Clarity on the rules for managing CCO** and digital CCO data held on the national land administration system. There needs to be implementing regulations.
3. **Fees and fee retention.** There needs to be clear guidelines issued for setting fees for CCO first registration and subsequent transactions and allowance for partial self-financing options
4. **Reporting.** Subcounties and districts need to be able to monitor and report accurately all transactions (freehold, leasehold, customary) and land related revenues
5. **Need to estimate revenue potentials.** Need clear assessment of actual land-based revenues within urban and rural domains and an analysis of the revenue base coverage, by subcounty and district.
6. **Contributory models.** Identify areas where a contributory model can be tested where demand is high and then carry out tests; provide facilitation and support, but note recommendation 9 below (simplify methodology) and continue campaign in Bululu.
7. **Incentives and benefits.** There is clear evidence that communities and individuals are open to the CCO beneficiaries making partial payments to complete CCO registrations, however they need to see tangible benefit from this and the incentives and benefits need to be clearer and it is recommended that the programme works directly with financial institutions to develop products and services (similar to LIFT in Ethiopia).
8. **Rental agreements.** Undertake feasibility study to determine if formalizing land rental agreements is a sensible option (as per the Ethiopian case).
9. **Methodology.** The CCO registration methodology used by GIZ will need to be made more systematic and simplified if it is to be cost effective and is to be scaled up.
10. **Single data model and IT system.** It is urgent that a single digital data model is agreed and published that can be used by all partners involved in creating CCOs and the data is managed in the national land administration IT system

## ANNEX B: Rwanda Case Study – developing financial sustainability

### Introduction

This case study is drawn from a land market and business plan analysis undertaken in 2018/19 and drawing information from previous publications<sup>8</sup>

### Background

Over the last 20 years, Rwanda has completed a national registration programme covering all rural and urban land. From 2004 - 2010 new land laws were put in place, a new land policy established and a low cost FFP registration process developed and tested. Most of the registration then took place in a massive outsourced registration programme. The Rwanda land programme registration largely took place with the bulk of the field work and data processing being undertaken by a contractor directly funded by DP. Eventually over ten million parcels were registered covering the country, mostly in the period 2009-2013. From 2013 transactions were recorded, though the countrywide system only really started in 2016 when the LAIS was installed, sector land managers introduced and the system became operational countrywide.

### Transactions

Transactions are shown below by transaction type and year. It is clear that most transactions were “first registration” until 2015, thereafter change of parcel geometry and transfer are the most common.

### Rwanda Land Tenure Regularisation project - Timeline

- Late 1990's – following consultation - national long term development strategy – Vision 2020 – set out the principles of good land governance and security of tenure for all Rwandan citizens
- 2002-2004 consultation on National Land Policy. Limited Technical Assistance from UK DFID in form of resident technical adviser
- 2004. National Land Policy approved
- 2005 Organic Land Law – set out the framework and principle that all Rwandans citizens should have secure tenure.
- 2005-2008 Rwanda Phase One (DFID £3 million) – developed and tested field methodologies and prepared Strategic Road Map (SRM) for land tenure reform
- 2009-2013 Rwanda Phase 2 contract (£36.7 million) completed registration of almost ten million land parcels.
- 2013-2019 Rwanda Phase 2 – Additional financing - Direct support to RNRA (later RLMUA) of approximately £16 million for completion of registration and finalisation of LAIS (Land administration Information system)
- 2020. Revised and updated Land Policy in force.

Total development partner funding of £52.7 million since 2005, provided by UK DFID, SIDA, Netherlands, EU with an estimated additional 15% contribution from Rwandan Government

	2011	2012	2013	2014	2015	2016	2017	2018	TOTAL
<b>Product Grouping</b>	<b>By Volume</b>								<b>Totals</b>
1 First Registration	1,430,438	5,597,046	924,317	196,177	32,361	72,395	71,058	43,471	8,367,263
2 Transfer of whole	67	3,789	11,429	31,915	41,614	68,321	86,489	71,223	314,847
3 Add to ownership entry	14	562	8,758	6,478	6,054	9,274	13,207	10,472	54,819
4 decision on entry	2,643	1,699	526	958	919	4,503	3,619	2,399	17,266
5 Correction of entry	0	60	6	73	68	107	61	97	472
6 Replacement documents	3	22	578	1,200	1,623	4,100	3,833	3,893	15,252
7 Change of Parcel Geometry	871	19,721	101,809	120,375	33,147	63,134	69,587	83,299	491,943
8 Caveat / other	6	31	2,052	8,488	12,210	14,226	23,257	23,288	83,558
9 Mortgage									0
	<b>1,434,042</b>	<b>5,622,930</b>	<b>1,049,475</b>	<b>366,664</b>	<b>127,996</b>	<b>236,060</b>	<b>271,111</b>	<b>238,141</b>	<b>9,345,419</b>
<b>Product Grouping</b>									
1 First Registration	99.75%	99.54%	88.07%	53.65%	25.28%	30.67%	26.21%	18.25%	
2 Transfer of whole	0.00%	0.07%	1.09%	8.73%	32.51%	28.94%	31.90%	29.91%	
3 Add to ownership entry	0.00%	0.01%	0.83%	1.77%	4.73%	3.98%	4.87%	4.40%	
4 decision on entry	0.18%	0.03%	0.05%	0.26%	0.72%	1.91%	1.33%	1.01%	
5 Correction of entry	0.00%	0.00%	0.00%	0.02%	0.05%	0.05%	0.02%	0.04%	
6 Replacement documents	0.00%	0.00%	0.06%	0.33%	1.27%	1.74%	1.41%	1.63%	
7 Change of Parcel Geometry	0.06%	0.35%	9.70%	32.92%	25.90%	26.74%	25.67%	34.98%	
8 Caveat / other	0.00%	0.00%	0.20%	2.32%	9.54%	6.03%	8.58%	9.78%	
9 Mortgage									
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	

<sup>8</sup> Baldwin, R, Ruhara, C., Biraro, S., Byamukuma, B., Buckle, F., 2019. Linking land markets and sustainable land administration: case study from Rwanda. Poster presentation, 2019 World Bank Conference on Land and Poverty. The World Bank - Washington DC

It is interesting to look at this in a series of graphs.

The data shows the number of transactions (of all types) has increased from under 40,000 in 2013 to 270,000 in 2017/8 where around one third of these are transfers.

By knowing the number of transactions, fee rates and transaction type, we can calculate the actual fee income per year for first and secondary transactions and then, using GDP growth as a correlator, it is possible to project future secondary transaction fee income over time. In the diagram, income over the period 2011 - 2015 is actual income, and from 2019 income is projected according to the model.

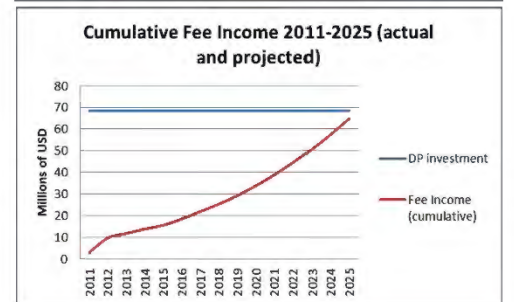
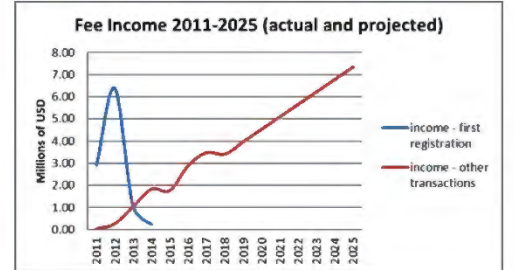
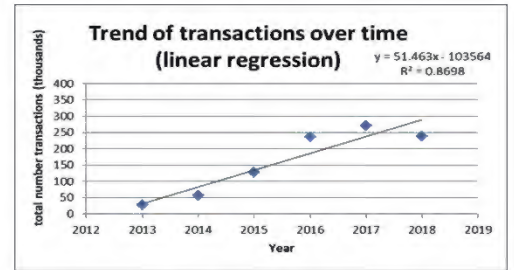
The final diagram shows that the entire £52.7 million investment by the DP in the LTR programme has generated fee income of over \$25 million by 2018, representing more than 30% of the investment to date (and projections show the total will be almost recouped by 2025). This does not take into account the operational costs of the RLMUA.

**Financial sustainability – cost recovery and income statement**

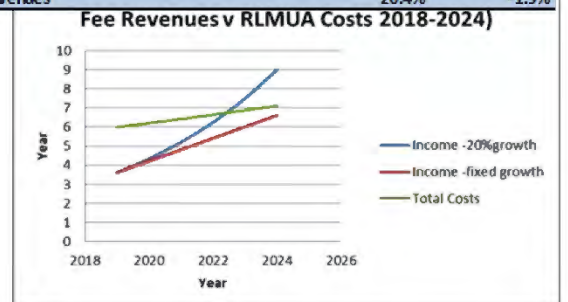
To model the financial sustainability of the RLMUA, an standard budgetary approach can be used that shows the breakdown of costs, revenues, and evaluates the financial sustainability through a cost recovery calculation. This can be calculated annually, and so the financial performance of the organisation tracked and evaluated using standard financial and operational performance measures.

Taking into account the known costs of operating the land administration system in Rwanda, the analysis shows that income will exceed costs with continued land market growth by 2023 - 2025. Overall cost recovery of the RLMUA was around 62 % in 2018. These cost calculations included the estimated operational cost of the district offices but not the sector land managers.

This case study shows that a) registration costs can be recouped by fees over time, and b) high levels of cost recovery are possible if the formal land market grows and transaction fees are levied.



SCENARIO: Current (Real growth of 200-300%)			
			USE 2018 as ba
2206000000 RWANDA LAND MANAGEMENT AND USE AUTHORITY			
1 INCOME STATEMENT			
	RwFr	RwFr	RwFr
Estimated land sector revenue	2,551,780,000	3,071,437,000	3,012,124,000
RLMUA expenses			
22 comp of employees	172,117,564	763,776,658	832,806,207
23 use of goods and services	1,282,008,875	2,029,047,115	1,188,798,421
23 aq fixed assets	651,081,568	41,796,133	74,189,789
28 other exp			7,043,148
<b>TOTAL RLMUA EXPENSES</b>	<b>2,105,208,007</b>	<b>2,834,619,906</b>	<b>2,102,837,565</b>
District Expenses	1,404,000,000	1,404,000,000	1,404,000,000
SLM	2,296,320,000	2,296,320,000	2,296,320,000
<b>TOTAL CONSOLIDATED EXPENSES</b>	<b>5,805,528,007</b>	<b>6,534,939,906</b>	<b>5,803,157,565</b>
	Surplus/(deficit)	-3,253,748,007	-3,463,502,906
indicators	cost recovery rate	44%	47%
	increase in revenues		20.4%
			-1.9%





WORLD BANK  
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— 2024 —

**Tanzania – Self-financing model  
experience – Village Land Registration**

Mustapha Issa – Chief Executive Officer for the  
Tanzania Land Tenure Assistance

SESSION G20 THURSDAY MAY 16TH 14:00-  
15:45. MC 4-800

## Abstract

After successfully completing the establishment of the cost associated with the village registration process for each process including boundary verification, village land use planning, awareness and sensitization, demarcation and adjudication process, data processing , objection and correction, printing and issuance of CCROs during the phase one of the USAID Tanzania Land Tenure Assistance Activity, the Beneficiary Contribution Model was established to ensure the continuity and sustainability of the CCROs production process. The CCROs issuance to land holders aimed to reducing land tenure insecurity and laying the groundwork for sustainable agricultural investment for both small holders and commercial investors.

An important aspect of the transition was to apply a self-financing model for village land registration in Tanzania. LTA, in consultation with the Ministry of Lands, developed a beneficiary contribution model that requires beneficiaries to contribute TZS 30,000 per parcel to the cost of the registration of their customary village land.

At varying levels, LTA has introduced and tested the beneficiary contribution model in 24 villages in the Mbeya and Iringa regions, then scaled up with a successor Tanzania Land Tenure Assistance – NGO to additional more region of Njombe and expand to 53 more villages in Tanzania. In these regions, employing the beneficiary contribution model, TLTA completed the process of systematic land registration and assisted in the demarcation of over 56,770 land parcels and issued over 47,763 CCROs to a total of a total of approximately 9,552 householders.

Over \$ 398,304 collected from the villagers within four years of the implementation of the beneficiary contribution model, 90% of the fund covers the direct cost of the CCROs production and the remaining 10% considered as revenue that supported some of the office operations costs including vehicle maintenance and office rent.

The Beneficiary Contribution Model is fully supported by the Government of Tanzania and it is suitable for scaling up, however it requires seed money for initial investment including procurement of equipment and human resources operations fund.

Based on lessons learned from the implementation of the model, LTA had continuously refined the modality of its implementation and stakeholder engagement. With modest external support, this model can be scaled up organically across the whole country.



## List of Abbreviations:

CCRO	Certificate of Customary Right of Occupancy
DED	District Executive Director
DC	District Council
DFID	U.K. Department for International Development
DLO	District Land Office
LTA	Land Tenure Assistance
MAST	Mobile Application to Secure Tenure
MoU	Memorandum of Understanding
MLHSD	Ministry of Lands, Housing and Human Settlements Developments
NGO	Non-Government Organization
NMB	National Microfinance Bank
NLUPC	National Land Use Planning Commission
PLUM	Participatory Land Use Management
TLTA	Tanzania Land Tenure Assistance
VLAC	Village Land Use Plan Management Committee
VLC	Village Land Certificate
VLUP	Village Land Use Planning
VLUMC	Village Land Use Management Committee
VLR	Village Land Registration
VLRC	Village Land Registration Committee
USAID	U.S. Agency for International Development

## 1. Introduction

The LTA NGO has been implementing rural land registration activities in Iringa and Mbeya districts of Tanzania to clarify and document village land ownership, support land use planning efforts, and increase local understanding of land use and land rights since 2015. The overarching objectives of the intervention were to reduce land tenure-related risks, lay the groundwork for sustainable agricultural investment, and provide a model for systematic village land registration under the Village Land Act number 5 of 1999. In Phase 1 of LTA activity, the project developed a workable, rapid, low cost, transparent, and replicable procedure to implement systematic village land registration process by working in 41 villages in Iringa and Mbeya districts.

Phase II of the LTA activity that started in in early 2020 focused on developing and demonstrating the workability of a sustainability plan that is premised upon two main components: 1) Introducing and implementing the beneficiary contribution model in villages in Iringa and Mbeya regions; and 2) transforming the USAID LTA project into a local registered NGO, as a local legal entity.

LTA conceived the beneficiary contribution model as an option to ensure long term sustainability. This requires beneficiaries contribute towards the direct cost of village land registration and issuance of Certificates of Customary Right of Occupancy (CCRO) in consultation and cooperation with stakeholders that include village, district and Ministry authorities. The stake holders responded positively to the potential workability of the model and affordability of the proposed amount of beneficiary contribution, i.e. TZS 30,000 per Certificate of Customary Right of Occupancy (CCRO).

The proposed cost per CCRO was determined to be reasonable and attainable for village residents. The beneficiary contribution model is a demand driven approach which has proven to be successful for land regularization in both urban and rural areas. The model is workable as sustainability plan for village land registration in all villages and districts in Tanzania.

Based on lessons learned from the implementation of the model, LTA has continuously refined the modality of its implementation and stakeholder engagement. With modest external support, this model can be scaled up organically across the whole country. This approach is fully aligned with all relevant Tanzanian land regulations and endorsed by the relevant authority (MLHSD) through a signed MoU.

## 2. Background- village land in Tanzania

The overwhelming majority of Tanzanians still live in rural areas and are dependent on smallholder farming, where growth rates and productivity have remained low. Through a series of initiatives, the Government of Tanzania aims to raise agricultural productivity by making agriculture more commercially oriented and encouraging investment by both smallholders and larger investors. Ready access to farmland for investment is identified as a key factor constraining progress in these initiatives and to the business environment in general, hampering economic development. This was reiterated in the National 5-Year Development Plan (FYDP) 2016/17-20/21. Tenure

security is seen as an important enabler, with the potential to provide individuals and firms with the confidence to invest in their land, create wealth and reduce poverty.

In Tanzania, most (70%) of the land is considered to be village land managed by the Village Councils, in part according to local customs. The title to village land is authenticated through a Certificate of Customary Right of Occupancy (CCRO). General land (which is mainly urban land or rural land where long-term rights of occupancy were given in the past) is estimated as 2% of the country and is authenticated by a Certificate of a Right of Occupancy (CRO). It is administered directly by the Commissioner for Lands. The rest of the Tanzania (28%) is managed by various statutory bodies such as Forest, Water, and Wildlife conservation authorities.

In order for villages to manage and administer land, they must have a Village Land Certificate (VLC) awarded after a Village Boundary Survey by the Ministry of Lands Housing and Human Settlement Development. Village Status is awarded by the Ministry responsible for Local Government. According to MLHSD (2016) the number of villages in the country is 12,545, of which 9,926 (79%) are surveyed, 1,640 (13%) have village land use plans and 31 (2.5%) have a detailed settlement plan.

In the past five years, there were several initiatives done by the government and other implementing partners such as USAID through the Tanzania Land Tenure Activity, UK FCDO/DFID implementing the Land Tenure Support Programme to support the land sector of Tanzania. Both initiatives focused on increasing the level of tenure security, particularly for the poor and vulnerable and small holder farmers through enhancing the transparency and efficiency of land governance and administration at local level.

### **3. Developing the Beneficiary Contributory Model for village land certification**

#### **3.1 Overview**

LTA has developed a pilot initiative where beneficiaries contribute towards the cost of village land registration process for each individual parcel over the years of 2019 to present. During the implementation of the USAID LTA activity, the costs for each step of the village land registration process was analysed to understand the total costs registration and issuance of the CCRO.

USAID LTA implementation and experience in systematic village land registration calculated TZS 30,000 as the cost for CCRO production. The beneficiary contribution of TZS 30,000 is used to cover the direct costs as mentioned on **Box 1**.

LTA has piloted the beneficiary contribution model in Mbeya District and over ten villages in Iringa and Mbeya Districts. In both districts, LTA and the villagers have agreed to make the beneficiary contribution of TZS 30,000 per CCRO to cover the direct costs of implementing the process of delivering CCROs which as mentioned in the last paragraph as mentioned. However, in Mbarali district, LTA and the district council officials agreed to modify the amount of beneficiary contribution to according to the size of landholdings as follows: 1) TZS 30,000 for less than 10 acres' claims, 2) TZS 60,000 for claims that are between 10 and 50 acres, and 3) TZS 100,000 for over 50 acres. The rationale behind this modification is that requiring all

beneficiaries to contribute a flat rate of TZS 30,000 regardless of the size of their parcels would be unfair. This avoided questions from those holding one or two acres can raise questions as to why they are required to make the same contribution as those who hold over 10 acres.

The Concept of implementing a beneficiary contribution model was positively received by the Ministry of Lands as it provided assurance of sustainability of village land registration to districts. The Ministry of Lands approved the implementation of Village Land Registration using beneficiary contribution by signing a MOU with LTA on the 15 October 2020.

LTA designed implementation procedures for Village Land Registration using beneficiary contribution including Village Land Registration (VLR) agreement signed by the village councils and VLR committee and the Memorandum of Understanding between the Villages, District Authorities and LTA.

Additionally, LTA designed beneficiary contribution reimbursement procedures to guide the transfer of beneficiary contribution funds from VC bank accounts to the LTA account in ways that enable them to detect and mitigate risks associated with the reimbursement of funds.

#### Box 1: Cost Assessment of the CCRO

The costs include

Facilitation of village boundaries verification

Preparation of the village land use plan (VLUP).

Cost related to rehabilitation of Village Land Registry and for the supply of cabinets for storage of CCROs and furniture's if required.

Sensitization on Village Land Act programme for residents in village assembly meetings, hamlet meetings, women meetings, youth sensitization at secondary schools and pastoralists.

Training for adjudicators and Para surveyors (villagers)

Adjudication and demarcation of land parcels by using MAST

Facilitation of objection and correction activity for a period of 14 days

Purchase of stationaries such as adjudication books, registration books, land forms, file covers ream papers, cartages for printing and registration and other stationaries related to CCROs preparation.

Transport cost for field activities

Per Diem payments for District Land Office staff, Community Development Officers, staff involved in printing and registration of CCROs and other staff related to activities involved on land registration.

### 3.2 Procedures for village participating in beneficiary contribution model

The procedure for initiating village participation in systematic land registration based on the beneficiary contribution model is as follows:

- a. The village that wishes to participate in a systematic Village Land Registration (VLR) process using the **Beneficiary Contribution Model** applies in writing to the District Executive Director (DED) in the event that a blanket authority from the DED has not been issued for the whole district.
- b. The applicant village's District Land Office (DLO) and LTA (or another VLR implementer) will then proceed to conduct Village Council and Village Assembly meetings to inform residents on how the Village Land Registration process using a Beneficiary Contribution Model works, and what will be needed from them during the process. The purpose of these meetings is to introduce the project and give awareness on systematic village land registration and the beneficiary contribution model.
- c. To move forward with the implementation of the systematic land registration process, the Village Assembly must agree the following:
  - The amount required as a beneficiary contribution by residents per Certificate of Customary Right of Occupancy (CCRO)
  - The financial institution (bank or mobile money platform) at which a special account will be opened
  - The time frame in which beneficiary contributions need to be made
  - The office bearers and authorized signatories in the case of a bank account, or initiators and approvers in the case of a mobile money platform
- d. During the first Village Assembly meeting, the implementer assists the Village Assembly to form a Village Land Registration Committee (VLRC – see **Box 2**) and subsequently to discuss and approve the Village Land Registration Committee Agreement. The implementer provides a template Agreement to facilitate expeditious approval of the Agreement.
- e. The VLRC is a separate committee from the committees that have to be elected as per the VLR process such as the Village Land Use Plan Management Committee (VLU
- f. MC}, the Village Land Adjudication Committee (VLAC), and Village Land Council (VLC), but elected members may overlap. The main function of the VLRC is to administer the collection

#### **Box 2 Roles and Responsibilities of the Village Land Registration Committee**

- To sensitize the villagers on the systematic village land registration through beneficiaries' contribution model;
- To contribute money for village land registration through established platform;
- To overlook the management and expenditure of the collected funds;
- To report on revenue and expenditure of the contributed money.



of the beneficiary contribution and the bank account opened for the purpose of depositing the fund.

- g. The essential elements of the beneficiary contribution model are contained in the VLRC Constitution and MOU that is included as a separate document. The village that participates in land registration must elect the Village Land Registration Committee (VLRC) that will be responsible in administering the beneficiaries' collections account.

### 3.3 Managing funds

The procedure for initiating village participation in systematic land registration based on the beneficiary contribution model is as follows:

#### 3.3.1 Opening of Account

To manage funds, the village leadership will start the process of opening up a bank account, and appointing signatories for the specific purpose of systematic village land registration through beneficiaries' contribution in a manner prescribed by an appropriate financial institution. The contribution of beneficiary's money will be through the mobile transactions platform and Bank agents. Management and authorization of the funds will be through the appointed and trusted members appointed by the village council and approved by the village assembly.

The village prepares a constitution that establishes the roles and responsibilities of the village land registration members see **Box 2**. The constitution is attached during the process of opening up a bank account and some other documents listed as follows; The minutes for the appointment and approval of the three members as bank account signatories by village council and village assembly;

- I. An approval letter from the District Executive Director (DED);
- II. Village Establishment Certificate;
- III. A proof for citizenship;
- IV. Photos (as prescribed by a financial institution)

Members complete the prescribed forms for opening the bank accounts provided by the financial institution. After opening up a bank account then the villagers will officially be informed through a written notice in the Village Assembly to start making contribution through a mobile platforms and bank agents using the provided bank account details.

Payment and contributions last for one-month duration and the systematic village land registration process shall commence when the 75 % of beneficiaries have contributed.

As per the recent study done, the survey data shows that the majority of respondents who paid for a CCRO did so by paying cash directly to the village office, with the rest paying through a bank or mobile money agent. The survey data also indicates that levels of satisfaction and trust in the CCRO payment process were high across all villages, and respondents generally perceived the

CCRO price to be fair. To the extent there were differences in perceptions of trust, satisfaction and CCRO affordability, stepwise regression results indicated that differences on these were significantly and meaningfully associated with whether or not a CCRO was purchased for a given plot.

### 3.3.2 Revenue collection and Expenditure of Funds

All the collected funds are kept in a Systematic Village Land Registration Bank Account and are managed by the six (6) appointed members of which three must be women. The approved members work as a management team on behalf of all villagers. Three members are appointed as signatories for the bank account. The role of the members is to oversee the Land registration process in the village. The team directly report the progress to the Village Council who solve any challenges arising in the course of implementing the project. The Village Council from time to time convene a Village Assembly to report and resolve problems if encountered.

#### Expenditure of the Collected Funds

The collected funds are used to pay for the activities as set out in Box 3. This essentially covers all field related activities. The funds are not used for any overhead activities, nor for any field equipment, these are supplied through the LTA NGO and reused village by village. The funds are therefore used directly to offset the operational activities in the field.

#### Procedures for Payment of the implementing team

There are well documented procedures used to control payment of all implementing staff. All staff fill in a special timesheet to claim payment. Members at the village level engaged in the project are paid after every two weeks; DLO staff are paid after a month. Payment to government staff is done in accordance with the procedures prescribed in the government notice. In all cases payment advice statements are submitted to the committee who reviews and passes them to the DED. All payments are done from bank via mobile platform.

#### Implementation process

The implementation of beneficiary contribution has been introduced in 69 villages of Iringa, Mbeya, Mbarali and Kilolo district. These villages signed the agreement for Village Land Registration process, subsequently, the Village councils signed the MOU with the LTA and their respective District Authorities for land registration activities using beneficiary contribution. The villages opened bank account and village residents contributed for their land registration.

#### Box 3

##### Expenditure of the collected funds

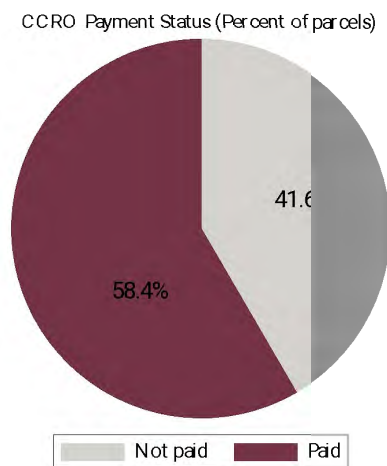
- Rectification of VLCs;
- Sensitization on the programme;
- Preparation of VLUPs;
- Adjudication and demarcation of land parcels;
- Facilitation of correction and objection and correction activity;
- Purchasing of stationaries for printing and registration of CCROs;
- Transport facilitation costs for the program.

### 3.4 Steps to ensure social and gender inclusion

The formalization methodology and processes that LTA has introduced addresses issues in gender equality with respect to women’s land rights and other equity issues surrounding the youth and other vulnerable groups such as pastoralists. For example, out of the 40,540 CCROs delivered for 53 target villages using beneficiary contribution model, approximate 48% were delivered to women. Women, youth and other vulnerable groups were empowered to participate in the Village land registration process. However, district land offices are inadequately budgeted and lack basic technical tools and know-how to effectively and equitably implement systematic village land formalization and registration schemes without external assistance.

According to empirical evidence gathered by LTA over the last six years, there is incontrovertible desire on the part of villagers to obtain formal recognition of customary land rights through the issuance of CCROs. LTA has significantly enhanced village residents’ awareness that formally recognized and documented land rights provide greater tenure security for customary land holders, especially for marginalized segments of rural communities including women, youth, and pastoralists.

Following the research conducted on demand for land documentation. On average, parcels held by female claimants were smaller than those held by men (median parcel size for women claimants was 1.05 acres compared to 1.3 acres for men claimants), as was the total overall area of land held by women compared to men (median total landholding was 4.05 acres for women and 6.0 acres for men). Men also held more plots than women, on average (median total number of plots held by women was 2, compared to 3 for men). Among the 29,980 records with parcel payment status, claimants chose to pay to obtain the CCRO for 58.4 percent.



Most of the parcels (74 percent) were held by married claimants, followed by widows/widowers (17 percent), unmarried individuals (7 percent) and then divorcees (2 percent). Widowed or divorced claimants in the sample were predominantly women, while unmarried individuals in the sample were predominantly men.



LTA has applied beneficiary contribution model in the 24 villages of Iringa, Mbarali and Kilolo districts and collected a total of TZS 432,323,466.24 (\$187,966.72) which was contributed by villagers for land registration processes. See Table 1 below

**Table One: Village Land Registration with the Beneficiary Contributory Model in Phase One.**

No	VILLAGE NAME	DISTRICT	ESTIMATED NUMBER OF PARCELS	NUMBER OF PARCELS PAID	ESTIMATED AVERAGE CONTRIBUTION (TZS)	AMOUNT CONTRIBUTED TO DATE (TZS)	% CONTRIBUTION
1	Haporoto	Iringa	1,765	1,143	52,950,000	34,275,000	65%
2	Isangala	Iringa	1,535	779	46,050,000	23,360,000	51%
3	Kibena	Iringa	2,012	1,575	60,360,000	47,263,734	78%
4	Ibangamoyo	Iringa	1,645	612	49,350,000	18,359,205	37%
5	Mangalali	Iringa	1,769	786	53,070,000	23,592,234	44%
6	Lumuli	Iringa	1,596	291	47,880,000	8,720,044	18%
7	Kipera	Iringa	1,460	211	43,800,000	6,317,481	14%
8	Sadani	Iringa	1,077	468	32,310,000	14,034,167	43%
9	Mibikimali	Iringa	916	302	27,480,000	10,747,595	39%
10	Kaning'ombe	Iringa	1,049	345	31,470,000	10,353,439	33%
11	Mfyome	Iringa	1,941	1,173	58,230,000	35,184,552	60%
12	Ng'eza	Iringa	1,087	423	32,610,000	12,696,061	39%
13	Nyabula	Iringa	1,021	869	30,630,000	26,066,291	85%
14	Kikombwe	Iringa	734	358	22,020,000	10,747,595	49%
15	Kihanga	Iringa	751	555	22,530,000	16,651,371	74%
16	Msuluti	Iringa	831	194	24,930,000	5,820,080	23%
17	Ibumila	Iringa	1,144	370	34,320,000	11,085,000	32%
18	Wangama	Iringa	685	363	20,550,000	10,880,800	53%
19	Isupilo	Iringa	1,126	653	33,780,000	19,585,814	58%
20	Lyamgungwe	Iringa	1,373	279	41,190,000	8,373,000	20%
21	Ukwama	Mbarali	2,238	535	67,140,000	22,560,000	34%
22	Itamba	Mbarali	2,012	1,057	60,360,000	31,710,000	53%
23	Winome	Kilolo	700	312	21,000,000	9,350,000	45%
24	Mawambala	Kilolo	2,200	486	66,000,000	14,590,000	22%
<b>TOTAL</b>					<b>980,010,000</b>	<b>432,323,466.24</b>	<b>44%</b>

#### 4.2 Continuity of the self-financing model by the Tanzania Land Tenure Assistance - NGO

The Tanzania Land Tenure Assistance – NGO, has continued to implement the village land registration activities using the self-financing modality to additional more villages in Iringa, Mbarali, Kilolo and Wanging'ombe districts. To date, the implementation is on ongoing to over 53 villages and over \$ 398,304 have contributed from the village residents and over 47,763 CCROs were issued to land owners. See Table 2 below.



**Table Two: Continuity of Village Land Registration with the Beneficiary Contributory Model after the pilot.**

No	VILLAGE NAME	DISTRICT	CURRENT STATUS	NUMBER OF CCROS ISSUED	ESTIMATED AVERAGE CONTRIBUTION (TZS)	ESTIMATED AVERAGE CONTRIBUTION (USD)
1	Ibangamoyo	Iringa DC	CCROs Issuance	1,646	27,280,000	11,789
2	Mangalali	Iringa DC	CCROs Issuance	1,770	28,746,000	12,413
3	Kibena	Iringa DC	CCROs Issuance	2,016	50,540,000	21,848
4	Lumulili	Iringa DC	CCROs Issuance	1,664	16,530,000	7,143
5	Kipera	Iringa DC	CCROs Issuance	1,525	14,160,000	6,126
6	Kaning'ombe	Iringa DC	CCROs Issuance	1,063	17,930,000	7,747
7	Ng'enza	Iringa DC	CCROs Issuance	1,107	19,350,000	8,365
8	Mibikimitali	Iringa DC	CCROs Issuance	920	15,540,000	6,727
9	Sadani	Iringa DC	CCROs Issuance	1,078	19,530,000	8,435
10	Mfyome	Iringa DC	CCROs Issuance	2,001	37,645,000	16,250
11	Isupilo	Iringa DC	CCROs Issuance	1,127	24,185,000	10,459
12	Nyabula	Iringa DC	CCROs Issuance	1,250	30,980,000	13,377
13	Kikombwe	Iringa DC	CCROs Issuance	733	14,035,000	6,051
14	Lyamungwe	Iringa DC	CCROs Issuance	1,333	10,110,000	4,363
15	Wangama	Iringa DC	CCROs Issuance	685	14,030,000	6,065
16	Kihanga	Iringa DC	CCROs Issuance	751	17,445,000	7,531
17	Ibumila	Iringa DC	CCROs Issuance	836	16,850,000	7,297
18	Msuluti	Iringa DC	CCROs Issuance	724	7,380,000	3,184
19	Nyamahana	Iringa DC	CCROs Issuance	700	11,530,000	4,992

20	Iguluba	Iringa DC	CCROs Issuance	600	13,870,000	5,998
21	Mafuluto	Iringa DC	CCROs Issuance	500	8,640,000	3,742
22	Magombwe	Iringa DC	CCROs Issuance	240	6,690,000	2,897
23	Luganga	Iringa DC	CCROs Issuance	284	5,793,000	2,509
24	Ukwega	Iringa DC	CCROs Issuance	402	5,245,000	2,272
25	Mkombilenga	Iringa DC	CCROs Issuance	180	4,920,000	2,131
26	Isangala	Mbeya DC	CCROs Issuance	1,535	23,250,000	10,049
27	Haporoto	Mbeya DC	CCROs Issuance	1,765	34,170,000	14,771
28	Itamba	Mbarali DC	CCROs Issuance	1,631	38,340,000	16,549
29	Ukwama	Mbarali DC	CCROs Issuance	1,839	23,810,000	10,270
30	Ilongo	Mbarali DC	CCROs Issuance	1,657	7,700,000	3,335
31	Mawambala	Kilolo DC	CCROs Issuance	1,521	18,772,000	8,109
32	Winome	Kilolo DC	CCROs Issuance	732	11,460,000	4,953
33	Ukumbi	Kilolo DC	CCROs Issuance	120	5,580,000	2,417
34	Masalali	Kilolo DC	CCROs Issuance	120	7,873,000	3,410
35	Isuka	Kilolo DC	CCROs Issuance	125	9,533,000	4,129
36	Mahongole	Mbarali DC	CCROs Issuance	1,000	28,880,000	12,506
37	Igalako	Mbarali DC	CCROs Issuance	972	29,800,000	12,905
38	Azimio Mswiswi	Mbarali DC	CCROs Issuance	950	17,225,000	7,460
39	Ilaji	Mbarali DC	CCROs Issuance	540	1,615,000	646
40	Nsonyanga	Mbarali DC	CCROs Issuance	670	17,225,000	7,460
41	Mapogoro	Mbarali DC	CCROs Issuance	800	24,610,000	10,657
42	Mhwela	Mbarali DC	CCROs Issuance	400	10,685,000	4,628
43	Igosi	Wanging'ombe DC	CCROs Issuance	808	23,528,000	9,411

44	Ujindile	Wanging'ombe DC	CCROs Issuance	672	18,855,000	7,542
45	Igima	Wanging'ombe DC	CCROs Issuance	1,180	35,430,000	14,172
46	Mhaji	Wanging'ombe DC	CCROs Issuance	616	17,730,000	7,092
47	Lulanzi	Wanging'ombe DC	CCROs Issuance	586	17,580,000	7,032
48	Lusisi	Wanging'ombe DC	CCROs Issuance	848	25,380,000	10,152
49	Ilulu	Wanging'ombe DC	CCROs Issuance	420	13,090,000	5,236
50	Mafinga	Wanging'ombe DC	CCROs Issuance	274	8,700,000	3,480
51	Ivigo	Wanging'ombe DC	CCROs Issuance	286	8,640,000	3,456
52	Itulaumba	Wanging'ombe DC	CCROs Issuance	170	5,100,000	2,040
53	Mawindi	Wanging'ombe DC	CCROs Issuance	391	11,820,000	4,728
<b>TOTAL</b>				<b>47,763</b>	<b>935,335,000</b>	<b>398,304</b>

### 4.3 Social and Gender inclusion of the self-financing model

From the recent research study conducted by the DAI in partnership with the Tanzania Land Tenure on Demand for land documentation, the following were observed from the dataset of the LTA registry.

On average, parcels held by female claimants were smaller than those held by men (median parcel size for women claimants was 1.05 acres compared to 1.3 acres for men claimants), as was the total overall area of land held by women compared to men (median total landholding was 4.05 acres for women and 6.0 acres for men). Men also held more plots than women, on average (median total number of plots held by women was 2, compared to 3 for men).

Most of the parcels 74 percent were held by married claimants, followed by widows/widowers 17 percent, unmarried individuals 7 percent and then divorcees 2 percent. Widowed or divorced claimants in the sample were predominantly women, while unmarried individuals in the sample were predominantly men.

In terms of parcel occupancy status, most of the parcels in the LTA registry are held under single occupancy 64 percent, followed by joint tenancy 23 percent, probate administration 12 percent, and tenancy in common 1 percent. A very small number of parcels were held by a guardian for a minor, accounting for 0.16 percent of parcels in the dataset. There were no significant differences in occupancy type by gender, with the exception of probate administration which was more likely to be held by a male claimant.

#### **4.4 Cost analysis of the beneficiary contribution model**

Beneficiary contribution model has proved to be a workable for the systematic registration of CCROs, whereby the whole village agree and approved the process and the fund collectively collected on the village basket fund to facilitate village land registration activities mentioned in Box 3 above. The beneficiary contribution model proved to be not workable for spot adjudication, since the collected fund is not enough to cover CCROs production process.

Moreover, the model was designed to cover the direct costs of Village land registration activities and not the operations costs such as procurement of equipment e.g. vehicles, powerful printers, tablets, and also the human resources operations including salaries and other benefits.

Out of \$ 398,304 collected from the villagers within four years, 90% of the fund covered the direct cost of the CCROs production and the remaining 10% considered as revenue that supported some of the office operations costs such as vehicle maintenance and office rent.

There is a need of the external fund from donors and other implementing partners to cover the remaining 90% of the office operations costs including staff salaries and benefits.

#### **4.5. Perceived fairness and affordability of Tsh30000 cost**

According to the recent research done on the demand for CCROs documentation, it was observed that, despite the fact that financial difficulties were cited as the main reason for not paying for a CCRO, just over three quarters of villagers surveyed (76.0%) believed the Tsh. 30,000 cost was a fair and affordable price for the document. This perceived affordability was further supported by the high proportion of villagers who had not paid for a CCRO but who said they expect to pay in future. Women and older respondents (65+) were more likely to perceive the CCRO fee as unaffordable than their male and younger counterparts.

#### **4.5 Challenges encountered**

The implementation of beneficiary contribution model faced some challenges, however, most of them have been continuously resolved. The following are challenges faced the beneficiary contribution model;

- Most villages are located far away from mobile money services. Therefore, it was a challenge for Wakalas (bank agents) to travel long distances to collect contributions. To circumvent this challenge, LTA introduced a system whereby the chairperson of the committee deposits beneficiary contributions to a nearby NMB Wakala and upon confirmation of the deposit by LTA, the Chairperson can claim for reimbursement of the bus fare he/she incurred to deposit the fund.
- Similar initiatives by some NGOs and the DLO were taken but the NGOs and the DLO after collecting beneficiary contribution failed to deliver their side of the bargain as promised to the villagers. This created a sense of mistrust among residents of many villages. To mitigate this, it is necessary to have the Memoranda signed between parties

such District and Village authorities and implementing partners that clearly stipulates the commitment and responsibilities of each part.

- TLTA has striven to lay the groundwork for ensuring the sustainability of its activity through a financially and organizationally viable successor NGO. To achieve this objective, LTA has been exploring funding options and working to set the stage for the NGO to be operational and start implementing systematic village land registration activities. Considerable progress has been made in terms of helping village residents to register their lands using self-finance modality however, the contribution by village residents covers the direct cost only, the challenge remains securing seed funding to ensure the financial viability of the as an independent entity.

## **5. Summary and Conclusions**

At the heart of the beneficiary contribution potentiality lies the acceptance of the model by villagers, Ministry of Lands officials, and Regional and District Authorities. LTA's government counterparts have expressed strong support for the implementation of the beneficiary contribution model and have found it to be consistent with the policies of the government.

### **5.1. Conclusions**

- The beneficiary contribution model has supported a total of 9,552 householders to receive 47,763 CRO and has contributed almost \$ 400, 000 which represents 70% of the total costs.
- The Beneficiary Contribution Model is fully supported by the Government of Tanzania. The LTA secured the buy-in and approval of the Ministry of Lands to pilot the beneficiary contribution model. The Ministry of Lands approved the implementation of Village Land Registration using beneficiary contribution by signing the MOU with USAID-LTA.
- The model is suitable for scaling up, however it requires seed money for initial investment including procurement of equipment and human resources operations fund.

### **5.1. Supporting recommendations**

The following recommendations are made to help this approach be successful:

- To ensure transparency and accountability, the beneficiary contribution model should be administered through a specially selected committee approved by the Village Assembly, whose task is to administer contributions received from claimants, monitor implementation, and seek approval from the Village Council for the disbursement of expenses on a cost-proven basis with oversight from the implementing partner. The committee should be established under a village agreement, which gives it a mandate to operate under the authority of the Village Assembly.



- It is important to make arrangements with banks and mobile money platforms to ensure that all contributions and payments are individually recorded and at any time a record of all receipts and payments will be electronically available to the committees and to the implementing partner. The processes for receipts of contributions and authorization of payments should be set out in detail in the VLRC constitution, which is the foundation document for the beneficiary contribution model.
- The implementing partner should engage a financial services specialist to liaise with banks and financial institutions in order to assist village committees set up accounts and authorize payments. The purpose of engaging such as a specialist is to have a dedicated staff member to facilitate the liaison between the village committees and the banks. Although there are variations with different banking institutions, all institutions can provide a record of individual receipts of contributions identifying the contributor and can accommodate the proposed payment authorization system using “initiators” and “approvers”.
- To overcome the challenges faced from time to time in regard to beneficiary contributions, the implementing partner must continuously reassess its approaches and strategies. Based on objective assessment, the implementing partner should adjust its focus, approaches and strategy. At the centre of its modified focus, approaches and strategy should be taking initiatives that enhance its working relationship with all stakeholders in ways that aim to boost beneficiary contributions.
- In spite of LTA's up efforts to boost beneficiary contributions, in most villages, LTA's field activities and the concomitant implementation cost outpaced the rate of beneficiary contribution. For a time bound initiative such as the LTA project, it is important to have a contingency funding to advance the payments for the costs of implementation so that the village registration activity can proceed without interruption.

## 6. References

1. Feed the Future Tanzania Land Tenure Assistance (LTA) Final Report – December 6, 2021 – December 5, 2021
2. Tanzania Demand for Documentation Study - Who Pays for Land Documents, and Why?
3. Land Tenure Support Programme (LTSP) Project Completion report – Ministry of Lands Housing and Human Settlement Development

## Sustainable Financing of land registration and Land Administration

Global Land Initiative: Land Administration  
Session G20 Thursday May 16<sup>th</sup> 14:00-15:45. MC 4-800



### Special Interest Group

A Special Interest Group (SIG) is proposed to focus on exploring possible ways of financing first registration and also building sustainable land administration systems. The working *modus operandi* is to be established, and this is just an initial call for those who may be interested to take part. Please complete the slip on the page overleaf and forward to the email address there. We are proposing to have a first on-line call in June to discuss how the SIG might be configured and how it might work. The aim is to foster research and practice and establish a forum in which relevant issues and experiences can be discussed and shared. The group will be a volunteer group.

### Background

A continuing critical issue of improving land governance is how to find effective ways to finance initial investments in a) land administration infrastructure, b) land registration and then c) how to achieve long term financial sustainability of operations, without relying on massive Development Partner (DP) or Government funding. In recent years, alternative self-financing and contributory models are emerging in developing countries where citizens contribute to initial registration costs and then land based revenues help to justify and support sustainable land administration solutions which may involve new models such as National Land Administration Agencies (NLA). A session on sustainable financing was organized at the WB conference held in May 2024 entitled **Sustainable Financing of land registration and Land Administration**. The proceedings are all available at the following web address - <https://www.worldbank.org/en/events/2023/10/05/land-conference-2024>. This initiative is a follow up to that session. If you are interested, please complete and return the slip below:-

<i>name</i>	
<i>email address</i>	
<i>position and organization</i>	
<i>Please make any notes here about any thoughts you have on what the SIG should focus on or how it should be organized and operate</i>	
<i><u>any other remarks</u></i>	

On completion -please email to Dr Richard Baldwin at [r.baldwin@iland.consulting](mailto:r.baldwin@iland.consulting)  
Please mark the email : **SIG for sustainable financing** in the subject line  
thanks you!



# Recognising improved land tenure security as a co-benefit in forest carbon projects.

Malcolm Childress<sup>1</sup>, Kate Fairlie<sup>2</sup> and Rory Read<sup>3</sup>

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May 6, 2024

**Sustainable Financing of land registration and Land Administration**

Global Land Initiative: Land Administration Session G20

Thursday May 16<sup>th</sup> 14:00-15:45. MC 4-800



## **Introduction: The demand and urgency for high quality carbon credits**

Markets for nature credits and carbon offsets are expanding rapidly, creating a pivotal moment for forest conservation and climate action. Whilst nature credit market growth remains unpredictable, some estimates indicate that the carbon market alone could reach \$50 billion by 2030 and \$4 trillion by 2050 (Adams, Winter and Nazareth, 2021). Over two-thirds of nations are planning to utilize carbon markets to fulfil their Nationally Determined Contributions (NDCs) (World Bank, 2022). As the market expands, countries and industries are intensifying discussion around the safeguards for human rights and the criteria for participation in voluntary carbon market (VCM) activities.

To expedite efforts to combat climate change, the Taskforce for Scaling Voluntary Carbon Markets (TSVCM) has been formed to facilitate the necessary expansion of voluntary carbon markets. Additionally, an increasing number of nations are entering into agreements for results-based payments with specialized climate financing mechanisms to acknowledge recent (e.g., Green Climate Fund) and future emissions reductions (e.g., Carbon Fund). A collaboration between the public and private sectors, known as the LEAF Coalition, has also been established to reduce emissions by boosting the forest carbon market. The LEAF Coalition aims to raise at least \$1 billion initially to purchase jurisdictional Reducing Emissions from Deforestation and Forest Degradation (REDD+) credits issued by the Architecture for REDD+ Transactions (ART) from tropical and subtropical forest nations.

In parallel, discussions are focusing on crediting mechanisms and the regulations necessary for internationally transferred mitigation outcomes (ITMOs) under Article 6.4 of the Paris Agreement, alongside the establishment of a Supervisory Body. Against this backdrop, governments worldwide are hastily enacting new laws and regulations to govern these markets and projects within their jurisdictions (Colombia University, 2023).

The expansion of the market does not automatically ensure positive outcomes for forest conservation, climate, or equity. Insights gleaned from early ventures into nature-based markets and associated offset schemes highlight significant risks if the concerns of frontline participants - often indigenous peoples and local communities (IPLCs) - are not thoroughly integrated at every stage of planning and execution. These risks encompass greenwashing, undervaluation, the possibility of double counting and excessive accounting based on hypothetical scenarios, displacement of people, and threats to self-determination and sovereignty. The risk of failing to secure land and marine tenure rights is a major challenge for achieving positive outcomes (Colombia University, 2023).

Moreover, issues such as disregarding future climate risks and biodiversity baselines, ensuring additionality, permanence and addressing shortcomings in local jurisdictional policies and governance structures have been observed. As policies evolve, so too will the market dynamics, pricing mechanisms, and approaches to project development. Collectively, these factors underscore how risks may escalate, particularly as pressure mounts to ramp up climate financing through avenues such as debt-for-nature swaps, biodiversity credits, certification of co-benefits and project finance for long-term conservation efforts.

For the Paris Agreement scenario to be successful, markets must have certainty that claimed goals are achieved, and risks are mitigated. Current progress is ambiguous. Global targets for forest conservation are significantly off track (Forest Declaration Assessment, 2023) and forest carbon credit markets are facing increased scrutiny and waning public trust surrounding concerns of measurement inaccuracy and infringements on the rights of IPLCs (Balmford et al., 2023, Sarmiento Barletti, J.P., 2023). Buyers have become more wary of association with low-integrity credits, and there is growing demand for 'high-quality' credits, and mechanisms to verify integrity (Donofrio and Procton, 2023, Thompson et. al., 2022).

### Co-benefits, and co-benefits certification, as a mechanism to address forest carbon market integrity

What determines high-quality, high-integrity credits? In 2023, the Integrity Council for the Voluntary Carbon Market (ICVCM) launched its *Core Carbon Principles and Program-level Assessment Framework* as ten fundamental, science-based principles for identifying high-quality carbon credits that create real, verifiable climate impact. These ten principles span governance (including tracking, verification and transparency), impact (including additionality, permanence and robust quantification) and sustainable development (being benefits, safeguards and contribution to the net-zero transition). The development of these principles, and the inclusion of ‘co-benefits’ and safeguarding, demonstrates increased recognition that there is more to a forest carbon project than simply accounting how much carbon is stored in forests.

And the market is following: credits derived from projects with ‘co-benefit’ impacts including sustainable development, biodiversity and livelihood components carry a premium price – (Donofrio and Procton, 2023) report that ‘projects with at least one co-benefit certification had a 78 per cent premium in 2022’ and projects aligned with the UN Sustainable Development Goals (SDGs) showed a significant price premium, 86% higher than projects not linked to SDGs. Such projects, however, require sound methodologies and verification (or accreditation) practices to ensure these impacts are what they claim.

So, co-benefits are additional (positive) impacts across environmental, social and economic categories created by a project (see, for example, Figure 1). To be an effective mechanism for ensuring high-quality credits and market integrity, co-benefits must be measured, reported and certified. Certifications (also known as co-benefit ‘add-ons’ or ‘labels’) indicate carbon credits which are produced through projects which verifiably contribute to local sustainable development beyond the projects primary aim of carbon emissions mitigation (FlowCarbon, 2024).

Environmental	Social	Economic
<ul style="list-style-type: none"><li>• Air quality</li><li>• Biodiversity</li><li>• Water</li><li>• Soil protection</li></ul>	<ul style="list-style-type: none"><li>• Improved public health</li><li>• Energy access</li><li>• Gender equality</li><li>• Community engagement</li></ul>	<ul style="list-style-type: none"><li>• Job creation</li><li>• Education opportunities</li><li>• Inclusive economy</li><li>• Technology transfer</li></ul>

Figure 1: The 3 categories of co-benefits (Watson, 2022)

Co-benefits hold value for all parties implicated in a forest carbon project. Local communities benefit from more rigorous safeguarding and robust social benefits. Project developers can benefit from a price premium of co-benefit certified credits, and often reduced project risk through improved local buy-in and social legitimacy. Buyers are assured that the credits they are buying not only represent a specified amount of carbon but are *actually* addressing climate change by achieving broader set of both climate and social goals, including the SDGs.

A number of recognised carbon standards issue co-benefit certifications, although none yet issue specific land tenure security co-benefits. A key challenge is the considerable variation in the way that co-benefit certifications are applied and issued (see, e.g. Figure 2).



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	Gold Standard	VCS	SD VISTa	CCB
Markers to designate projects with sustainable development impacts	Renewable Energy Certificates Only	No	Labels Only	Yes
Generation of tradable standalone SDG assets	Yes	No	Assets Only	No
Contributions to sustainable development	Yes	Yes	Yes	Yes
Clear methodology for quantifying & monitoring each sustainable development impact	Yes, to Varying Degrees	No	Assets Only	No
Rigorous auditing of sustainable development outcomes achieved	Yes	No	Yes	Yes
Specific measures for benefit sharing	No	Yes	No	Community Gold Only
Theory of change for assessing impacts	No	No	Partially	Yes

Figure 2: (Hamerkop, 2023)

Standards such as the Gold Standard, Verified Carbon Standard (VCS) and SocialCarbon issue co-benefit certifications through integrating SDG reporting into their credit methodologies. Both Gold Standard and VCS require that a minimum of three SDGs are addressed. SocialCarbon does make some minor reference to clear tenure arrangements but only in relation to a benefit-sharing mechanism (SocialCarbon, 2023). One key difference between Gold Standard and VCS is that where Gold Standard verifies its co-benefit claims through tools designed to monitor progress and impact, VCS only verifies that actions contributing to sustainable development have taken place (Hamerkop, 2023). Furthermore, the Integrity Council for the Voluntary Carbon Market (ICVCM) has recently issued its integrity label to the Gold Standard based on the Standard's alignment to the Core Carbon Principles (CCP) (Gold Standard, 2024).

There are also standalone co-benefit standards such as the Climate, Community and Biodiversity Standard (CCB) which externally certify co-benefits, and the Sustainable Development Verified Impact Standard (SD VISTa), which can be used to generate standalone tradable SDG assets and is often added on to a VCS certification to bolster its credibility (Hamerkop, 2023).

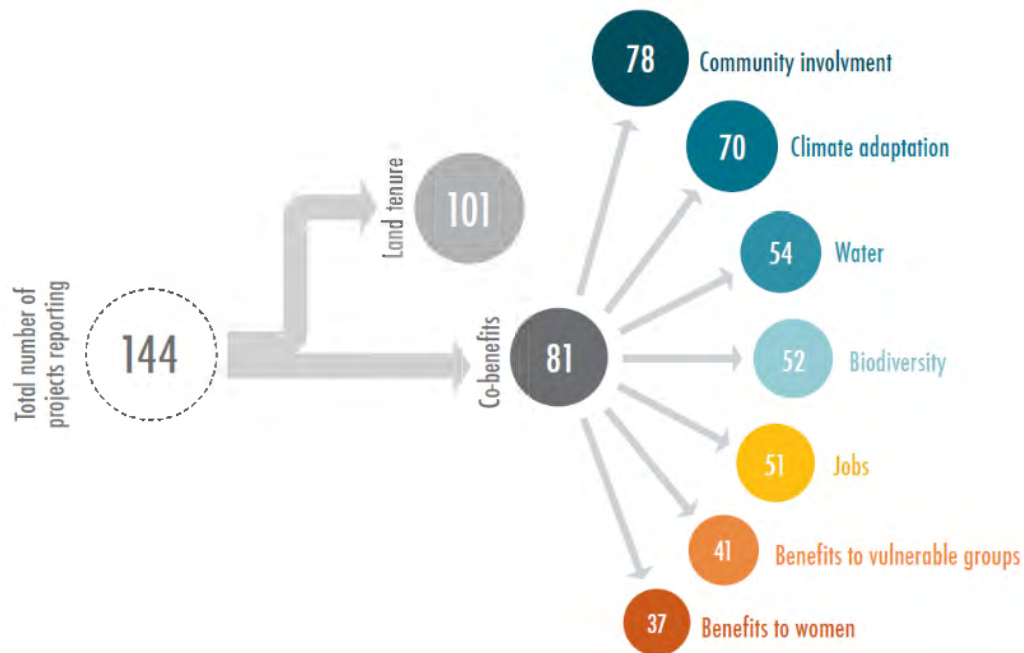
### The status and challenges of co-benefit certification in practice

Forest Trends (Goldstein, 2016) undertakes an annual survey of forest carbon offset suppliers, determining in the 2016 results that of 144 reported projects, as many as 101 report land tenure impacts (Figure 3). It's unclear why land tenure here is seen as separate to other co-benefits. Possibly it's because carbon standards already have some basic requirements relating to tenure that must be addressed before developers begin operations. However, the requirements within voluntary carbon standards vary significantly and are subject to interpretation within national contexts, which has led to criticism regarding safeguarding inadequacies. (Sarmiento Barletti et al., 2023). Recognising the strengthening of land tenure security as a specific co-benefit with an underlying standardised methodology has significant potential. It can mitigate risks to forest carbon projects, underpin the achievement of broader co-benefits and provide an additional financing towards achieving global land tenure security goals, including the achievement of SDG 1.4<sup>1</sup>. Initiatives in this direction also have potential to add to global efforts to channel funding directly to Indigenous Peoples.

<sup>1</sup> SDG 1.4: By 2030, ensure that all men and women, particularly the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership, and control over land and other forms of

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Despite evidence that co-benefit credits carry price premiums (Donofrio & Procton, 2023), one challenge for co-benefits is ambiguity regarding the extent to which such premiums vary between the carbon project type, type of co-benefit as well as which standard certifies it (Wissner & Schenider, 2022), (Hamerkop, 2023). A recent study (Lou et al., 2022) shows a discrepancy between the type of co-benefit and extent of price premium of 30.4%. The International Carbon Reduction and Offset Alliance (ICROA) suggests that 'social' co-benefits are most valued (ICROA, 2014) and the associated SDGs which attract the largest price premiums are SDG 4 (education) and SDG 10 (reducing inequalities) (Hamerkop, 2023). The result of these price premium discrepancies is that it is difficult for carbon project developers to know clearly what they stand to gain by incorporating specific co-benefits (Watson, 2022) and furthermore, how much to invest in achieving them. It is therefore desirable for a common co-benefit accreditation methodology across standards, especially a co-benefit regarding land tenure security building on existing methodologies<sup>2</sup>.

### Why tenure security must be recognised as a standalone co-benefit

The assurance of land tenure security is widely viewed as a crucial foundation for the effectiveness of forest conservation endeavours, including but not limited to initiatives such as REDD+, the SDGs, the Aichi Biodiversity Targets under the Convention on Biological Diversity, the International Platform for Biodiversity and Ecosystem Services (IPBES), certification programs like the Forest Stewardship Council, and the broader scope of "new conservation" (Kareiva 2014). However, relatively little attention has been paid to making explicit linkages between land and resource tenure security (henceforth referred to as tenure security) and the voluntary carbon market, and absolute causality of tenure security to forest conservation is challenging to ascribe in the presence of multiple factors and pathways.

Despite the lack of clear evidence for causality, there is widespread consensus that tenure insecurity significantly drives deforestation (Seymour, La Vina and Hite, 2014). Moreover, specific cases, primarily from Latin America, provide ample evidence linking improved forest conditions to the reinforcement of indigenous and community tenure, yielding notably positive outcomes for protected

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property, inheritance, natural resources, appropriate new technology, and financial services including microfinance.

<sup>2</sup> E.g. One example of an existing methodology can be drawn from Prindex – [www.prindex.net](http://www.prindex.net)

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indigenous areas. For instance, deforestation rates in indigenous territories in the Brazilian Amazon were less than 1 percent between 2000 and 2012, contrasting with a 7 percent rate elsewhere in the country during the same period (Ding et al., 2016). Another study revealed that half of the community forest areas demonstrating positive conservation outcomes corresponded with indigenous territories where rights had been legally guaranteed (Seymour, La Vina and Hite, 2014).

Clear tenure rights have a strong correlation with reduced deforestation and forest degradation (Tseng et al., 2021). Large-scale studies have shown that "*the transfer of land ownership of forest commons likely advances carbon storage benefits because local communities have the incentive to defer present livelihood benefits*" (Chhatre and Agrawal, 2014). Improved forest stewardship by IPLCs with secure tenure is typically attributed to three factors: local involvement in forest governance; heightened incentives to safeguard and enhance forest resources linked to direct livelihood gains from forest products; and the desire to maintain the resource base for future generations. IPLCs are well-documented to be effective land stewards (Fa et al., 2020) and their profound understanding of the forest and spiritual connections with nature also yield positive impacts. (Bradley and Fortuna, 2021).

Securing IPLC tenure rights of course requires an investment – but available case studies have typically shown generally low costs and high benefits, especially when contrasted with other strategies promoting sustainable forest management (Baragwanath and Bayi, 2020; Blackman and Veit, 2018; Ding et al., 2016; Porter-Bolland et al. 2012; Sze et al., 2022). For example, a 2016 study (Ding et al. 2016) across three countries in the Amazon found that the annual per-hectare costs for the government (excluding in-kind contributions by communities and other sources of funding) to secure and fund the management of indigenous forestlands amounted to US\$5.35 in Bolivia, US\$5.58 in Brazil, and US\$1.35 in Colombia. Meanwhile, the estimated 20-year economic benefits from ecosystem services for all lands eligible for a 20-year titling period ranged from USD 54 billion to USD 119 billion for Bolivia; USD 523 billion to USD 1.165 billion for Brazil; and USD 123 billion to USD 277 billion for Colombia.

The above demonstrates a clear need for land tenure security to be recognized as a co-benefit in forest carbon projects – but there are some challenges to doing so. In many cases, tenure documentation *is* required as a readiness procedure (e.g. REDD+ projects) but may not reflect the various rights of forest dwellers and communities utilizing the forest. Similarly, such projects also introduce additional layers of complexity, including ambiguity around ‘the carbon right’, and uncertain ramifications for various marginalized groups, notably women, who own and utilize these resources.

Land tenure encompasses a spectrum of rights, regulations, and institutions governing individual or community access to land, and it may be important to consider the intersection of forest carbon markets with each of these. Key rights extend across access, resource withdrawal, management, exclusion, alienation (property sale), and enforcement authority (Schlager and Ostrom, 1992) and the absence of security across these rights (tenure insecurity) is acknowledged as a major driver of deforestation in numerous developing nations (Robinson, Holland and Naughton-Treves, 2014; Kissinger, Herold and De Sy, 2012)<sup>3</sup>. However, despite this evidence, there is a clear gap in linking the two domains of land tenure security and forest carbon markets. Whilst clarification and enhancement of land tenure rights are widely recognized as initial steps toward REDD+ readiness, there appears to be little support to project developers to identify how to achieve tenure security goals – e.g. Davis et al. (2010) particularly noted this gap within national REDD Preparation Proposals (R-PP), and little progress appears to have been made since.

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<sup>3</sup> Conversely, transitioning to tenure security may also incentivize deforestation – as in many contexts tenure may be traditionally or even legally secured through forest conversion to agricultural land (Cotula and Mayers 2009).

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In light of the importance of secure land tenure as a success factor and co-benefit in forest conservation projects, the absence of clear guidance to achieve this security and the challenge of making carbon payments work (in both public and private programs) - it is valuable to explore specific mechanisms and actions by which the voluntary forest carbon market could incentivize secure land tenure. These are discussed below, with particular emphasis on adding land rights into co-benefit certification.

### **Identifying Pathways for tenure strengthening as a co-benefit in forest carbon**

- ***Establishing land tenure security as a recognised co-benefit under the Gold Standard, utilising SDG indicator 1.4.2.***

Land tenure security is recognised under the SDGs via indicator 1.4.2, which has in recent years been the focus of an initiative to facilitate better reporting of land tenure security data (Kumar et al., 2017). The Gold Standard achieves its verified social co-benefits by addressing three SDG impact areas, presenting an opportunity for projects incorporating tenure strengthening activities to qualify as part of the criteria needed to achieve co-benefit certification. Greater recognition may be needed, within forest carbon markets, of indicator 1.4.2, linked with clear criteria and measures for what actions may achieve tenure strengthening in an equitable manner (see below).

ICVCM's recognition of the Gold Standard's alignment with the CCP may provide additional pathways, given tenure security is a foundational element to many of the principles – arguably especially core principles 6 (permanence) and 9 (sustainable development benefits and safeguarding). Increased alignment of carbon standards with the CCPs, clear articulation of the importance of tenure security (e.g. that poor land tenure security impacts land governance and the ability to ensure the permanence of carbon reductions or removals) may support the formal recognition of land tenure security as a co-benefit.

- ***Establishing transparent and appropriate criteria for a land tenure security co-benefit.***

Recognition is just the first step – for uptake to be significant, clear criteria and measures are needed that are implementable and able to be monitored and verified. Potential indicators and markers for issuing a land tenure co-benefit could be derived from the Land Rights Standard: a set of principles incorporating international legal requirements and best practice standards to guide development and investment at a landscape level (Rights and Resources Initiative et al., 2021). Clear and transparent measures for such indicators within a land tenure security co-benefit would ensure consistency across the various carbon standards and promote trust in project claims made. Such measures would also provide further evidence of the contribution of land tenure security to higher quality credits via improved carbon sequestration. Possible metrics drawn from the Land Rights Standard could include:

- Verified impacts from a carbon project relating to the promotion of legal recognition of community-based rights to land.
- Full IPLC collaboration in project implementation.
- Full demonstration of free, prior and informed consent (FPIC) and grievance mechanisms throughout a project

Evidence to date suggests that adhering to the Land Rights Standard would likely offer greater protection for IPLCs due to more comprehensive requirements for recognising customary tenure at a project's inception, compared with current practice under voluntary carbon standards (Sarmiento Barletti, 2023).

- ***Demonstrating clear financing modalities for land tenure security through forest carbon markets***

Financing modalities for land tenure security can include: early project-investment by project developers based on an expectation of a carbon credit price premium, additional activities undertaken

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at project preparation/readiness phases to strengthen tenure and realise a co-benefit, post-establishment/credit distribution top-up payments to direct-fund tenure-strengthening activities and realise a co-benefit, implementation of a carbon credit transaction cost to fund land tenure strengthening and monitoring at regional/national scales – levied by Standards and/or national governments, and/or reinvestment of project revenues through a benefit-sharing mechanism to directly finance tenure strengthening activities for to IPLCs.

Outlining these in more detail across project stages:

- **During pre-feasibility**, project proponents are likely assessing broader governance frameworks to determine rule of law and determine the extent to which project claims/rights are likely to be enforced. Individual projects are unlikely to fund tenure strengthening actions here without strong legal frameworks and/or existing or well-established projects nearby, although incentives could be developed through national market support, or through donor funding. For example, national carbon markets may be able to establish a *tenure levy*, or similar, to fund targeted tenure strengthening activities and hence generate momentum and interest. Once some momentum is gained, and assuming a continued price premium for higher integrity carbon credits, this price alone should be sufficient for project proponents to consider early project investment in tenure strengthening to achieve a co-benefit accreditation.
- **At project preparation/readiness phases**, most carbon standards have a tenure assessment requirement (Sarmiento Barletti et al., 2023). Project sites that are attractive ecologically, but which lack sufficient tenure security could fund tenure-strengthening activities. Activities might include, for example, recognising de facto community rights to forested areas via community and social forestry arrangements (Ding et al., 2016). Other actions might include developing local institutions and capacity through training in reporting and accounting, boundary patrolling as well as establishing office infrastructure. There is a need to better articulate the range of activities that could contribute to tenure strengthening (acknowledging differences between contexts), as well as the possible impacts on forest carbon credit generation (e.g. additional security, risk minimisation, SDG co-benefit, etc.).
- **After project establishment, and during credit distribution phases**, there is an opportunity for Standards and/or governments to levy a transaction cost on carbon credit issuance or sales, to finance 'jurisdictional-level' tenure strengthening. This is likely to work best at national-scales, and as early-market establishment/momentum building incentivisation. Separately, projects which have established robust benefit-sharing mechanisms could fund both project longevity and 'co-benefit' reinvestment components, which can sustain ongoing tenure strengthening activities (see inset box).

### **Inset box: Case study Plan Vivo**

A positive benefit-sharing example can be found in Plan Vivo's project-level mechanisms which allocate 60% of carbon credit revenue to local communities both in the direct allocation of revenues but also contributed to the enhancement of socio-economic conditions (WARSI, 2014). Part of Plan Vivo's reporting of socio-economic well-being includes measuring indicators inclusive of a household's land ownership (WARSI, 2014). As credits in a stable carbon project can be generated year after year, the reinvestment of revenues into social development, inclusive of further land tenure strengthening activities can be viewed as financially sustainable. Communities indirectly funded via benefit-sharing mechanisms can bypass obstacles to direct financing for IPLCs. While efforts to support IPLCs in securing forest tenure rights have seen promising funding pledges, such as the \$1.7 billion commitment over five years made during COP26, direct financing remains limited and IPLCs receive inadequate financing needed to secure their rights and effectively steward their territories (Forest Declaration Assessment, 2023).



- **Identify mechanisms to channel funds for regional/jurisdictional level impact.**

A key limitation of targeting only project-level tenure security is the possibility of ‘leakage’ in terms of both increasing tenure insecurity for communities in neighbouring forest areas, as well as an inability to effectively plan at landscape scales. There is increasing interest in ‘beyond value chain mitigation’, whereby carbon credit investment is undertaken on the basis of contributing to the achievement of global climate goals, rather than simply offsetting emissions. Such an approach is difficult to measure in terms of directly avoided or sequestered emissions but could be achieved through additional voluntary mechanisms tied to projects and ‘jurisdictional’ approaches.

Article 6 of the Paris Agreement provides a framework for both public and private carbon projects to exist by enabling international cooperation and the exchange of emission reductions between countries and entities and encourages mechanisms which support sustainable development alongside climate action. One such mechanism could involve an initial land tenure security fund for each jurisdiction which acts as the ‘float’ for catalysing the sustainable financing of land tenure strengthening activities. The ‘float’ would supply the up-front transaction costs at a projects inception for achieving a tenure security badge or certification of the co-benefit. This could include covering the cost of land registration, as well as broader tenure-strengthening activities. As a project begins to generate income, a portion of the revenue can be returned to the float until (all, or an agreed portion of) the initial financing is repaid. The funds in the float can then be used to finance the tenure security of neighbouring projects and those under the same jurisdiction to address the ‘leakage’ issues noted above in a financially sustainable manner.

The funding for this tenure-specific mechanism could come from both private and public sources, like the readiness activities of the UN-REDD program. These activities include supporting IPLCs to establish communal tenure arrangements for social forestry, serving as a foundation for REDD+ projects in Indonesia (UN-REDD, 2024).

### **Summation: the case for a standardised land tenure strengthening co-benefit in forest carbon markets**

Reeling from a year of critical scrutiny, carbon project developers recognise the need to assure buyers that the credits being sold really do what they claim to – that is, that credits both mitigate carbon emissions and provide positive social impacts. Co-benefits are an essential component of the emerging high-integrity carbon credit stock – directly contributing to reducing project risk, improving permanence and driving social legitimacy. Recent studies confirm buyer interest in co-benefits - the American Forest Foundation (Goodman, 2022) finding that 29% of carbon credits buyers evaluate projects based on co-benefits<sup>4</sup>. Furthermore, evidence suggests that a majority of buyers are willing to pay more for Gold Standard carbon credits which assure social development benefits (Parnhumeesup & Kerr, 2015).

With the recognised role that land tenure security plays in carbon credit permanence, as well as in underpinning community and diverse stakeholder rights and interests, there is an emerging impetus for both:

- recognising **strengthened land tenure security** in forest carbon projects as a key ‘co-benefit’, improving the quality and permanence of carbon stocks.
- Developing a sound methodology for certification and verification of **strengthened land tenure security**.

Early action is critical, given the role that land tenure plays in reducing forest carbon project risks, the benefits that arise to communities from secure tenure and the significant growth by voluntary carbon

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<sup>4</sup> and 26% specifically on a project’s commitment to diversity, equity, and inclusion.

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markets up to 2030. Addressing global land tenure insecurity is considered critical for bridging the current climate finance gap and scaling-up nature-based solutions to meet global climate goals (Gibber, 2023).

*Key direct actions identified in this document to finance tenure strengthening within voluntary forest carbon markets include:*

- Develop the concept of a land tenure security co-benefit, linking with carbon standards to incentivise project developers to include land tenure security as a means to achieve a credit price premium.
- Establish clear criteria and metrics for accrediting the land tenure co-benefit. In all cases, the question of how to deliver land tenure security in a cost-effective manner needs to be addressed: how will it be done, and by whom?
- Legal recognition of a distinct carbon right may be necessary, in particular to protect and support the rights of IPLCs and women.
- Develop the mechanisms for a jurisdictional land tenure float (i.e., reimbursable fund) as a sustainable finance option. *A pilot implementation will likely be required.*
- Ensure and document robust benefit sharing mechanisms which can sustainably (and directly) finance IPLC activities to recognise and strengthen tenure security.

*Additional awareness and capacity-related needs include:*

- Awareness raising with project developers on the importance of a land tenure co-benefit, clear documentation of how to implement tenure strengthening, and the value of these activities to carbon projects. This should be supported by growing the existing evidence base and demonstrating how land tenure security benefits the core carbon principles (including governance, permanence and sustainable development).
- Clear data and research are further needed to demonstrate a willingness to pay for anticipated price premiums on carbon credits including a land tenure security co-benefit. This research should include analysis demonstrating the extent to which price premiums may adequately cover the total costs of land tenure strengthening activities, and possibly disaggregation of such activities to determine which may be most beneficial to communities, and most attractive to developers/credit buyers.
- A further avenue for research and further work may be detailing and quantifying the risk of insufficiently securing tenure in carbon projects, drawing on the Quantifying Tenure Risk economic modelling tool<sup>5</sup>.

*Further opportunities to tap into political will and interest include:*

- Leveraging Article 6 development mechanisms to support tenure security improvements across all carbon markets.
- With increasing political attention to supply chain transparency, including the 2022 EU Deforestation-free Regulation (EUDR), there is additional scope to link payments for tenure-strengthening to evolving regulatory frameworks, facilitating alignment between forest carbon markets and related sectors. Of particular note is the need for effective institutions and capacity to lead and implement such activities to promote cost efficiencies. Without top-down incentives, it's likely that demands at the individual project level will be too onerous, and in the absence of standard approaches and appropriate tools, too expensive.

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<sup>5</sup> Tool is available here <https://tenurerisks.com/>, with access required from TMP Systems. Further information available at <https://asktmp.com/landscape/> and Feyertag and Bowie (2021).

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## **Annex 1 – List of Acronyms**

ART	Architecture for REDD+ Transactions
CCP	Core Carbon Principles
FCPF	Forest Carbon Partnership Facility
GCF	Green Climate Fund
FPIC	Free, Prior and Informed Consent
LEAF	Lowering Emissions by Accelerating Forest Finance
ICROA	International Carbon Reduction and Offset Alliance
ICVCM	Integrity Council for the Voluntary Carbon Market
IPBES	International Platform for Biodiversity and Ecosystem Services
IPLC	Indigenous Peoples and Local Communities
ITMO	Internationally Transferred Mitigation Outcomes
NDC	Nationally Determined Contributions
REDD+	Reducing Emissions from Deforestation and Forest Degradation
SD VISTa	Sustainable Development Verified Impact Standard
SDG	Sustainable Development Goals
TSVCM	Taskforce on Scaling the Voluntary Carbon Market
VCM	Voluntary Carbon Market
VCS	Verified Carbon Standard