



The limits of land titling and home ownership

GEOFFREY PAYNE, ALAIN DURAND-LASSERVE AND CAROLE RAKODI

Geoffrey Payne has undertaken consultancy, research and training assignments in most parts of the world for a wide range of development agencies. He has published extensively on housing, land policy, property rights, regulatory frameworks and public-private partnerships and is a trustee of the Building and Social Housing Foundation and an external associate adviser to the British Council.

Address: e-mail: gkpayne@gpa.org.uk; website: www.gpa.org.uk

Alain Durand-Lasserve is a senior research fellow at the Centre National de la Recherche Scientifique – CNRS, France) until 2009. He is involved in research and consultancy activities with bilateral and international aid agencies and finance institutions. He has published widely on tenure formalization and urban land policies in Southeast Asia and sub-Saharan African countries.

Address: e-mail: a.durand-lasserve@wanadoo.fr

Carole Rakodi is a social scientist and urban planner. She has worked for many years as a professional and researcher in developing countries, especially in Africa, and has published widely on urban planning and management, land and housing and urban poverty

ABSTRACT This paper reviews whether land titling programmes have achieved the benefits claimed by their proponents. It finds that they have generally failed to do so. Investment in land and housing, access to formal credit, and municipal revenues have not increased noticeably more than under other tenure regimes, including those that allow many unauthorized settlements, and there is no significant evidence of poverty levels being reduced. Titling does provide increased tenure security – but many alternative forms of tenure, including those in many informal settlements, also provide high levels of security. In addition, in many nations, land titles do not necessarily protect people from eviction and expropriation of their land. Land titling often fails to increase access to credit, and low-income households who obtain titles are often as reluctant to take loans as banks are to lend to them. Titling also does not necessarily improve infrastructure and services provision, while many settlements have obtained improved provision without titles.

KEYWORDS land / land policy / tenure / tenure security / titling / urban

I. INTRODUCTION – FROM SUB-PRIME TO GLOBAL VIRUS

When the sub-prime housing scandal in the US exploded into a full blown financial crisis and then into an economic recession that threatens to engulf the whole world, the issue of housing and land tenure policy became a subject of popular, as well as professional, interest. A sectoral policy with disastrous consequences in one country had managed to infect the global financial system, raising concerns for possible impacts on the most vulnerable groups in the most vulnerable countries. This experience is therefore of direct interest to professionals advising governments on housing and land policy in low- and middle-income countries. This article reports on a review of the literature and two case studies to explore these issues.

The loans crisis in the USA and the UK has served as a rude awakening to financial institutions and to the regulatory authorities responsible for ensuring that standards of operation are sound, transparent, ethical and sustainable. Certainly, there has been a realization in the USA and Europe that it is counter-productive to promote land and home ownership to groups that are unable to service loans in a volatile economic climate, when interest rates may drive up monthly charges beyond the ability of borrowers to maintain repayments. However, it remains to be seen if the experience has taken the momentum out of home ownership and

land titling programmes in low- and middle-income countries, where affordability levels are far lower and vulnerability to change is far higher.

In 2005, at the same time that loans to “sub-prime” borrowers were gaining momentum, discussions among colleagues attending the World Bank Urban Research Symposium in Brasilia expressed concern at the widespread promotion of home ownership in low- and middle-income countries, despite the lack of a sound empirical foundation to justify this. Surprisingly few independent studies exist of land titling programmes in urban or peri-urban areas of low- and middle-income countries. In fact, it is difficult to think of any other area in development aid and lending policies where a policy has been continuously promoted for more than a decade without being subjected to rigorous evaluation concerning its ability to reach the expected targets.

This concern prompted a proposal to undertake research on the social and economic impacts of this approach, and particularly the policy of providing land titles to the residents of unauthorized settlements in the urban and peri-urban areas of low- and middle-income countries. This article summarizes the main lessons learnt from an assessment of the social and economic impacts of land titling policies and programmes based on a review of the international literature and detailed case studies in Senegal and South Africa.

The aim of the project was to assess the nature and extent of present knowledge of the outcomes of land titling as a means of promoting social and economic development and reducing urban poverty. For the purposes of this review, land titling has been defined as the allocation of real property rights on land, i.e. rights that are opposable to a third party, and that can be transferred, inherited and mortgaged.⁽¹⁾ This includes freehold or long-term registered leasehold as found in common law tenure systems. A key issue is the extent to which titles are an **essential** requirement, as opposed to one of a number of options, to achieving the objectives of increasing tenure security, increasing investment in property, increasing access to formal credit, reducing poverty and also reducing the need for future slums and unauthorized urban development.

First, we discuss some key aspects of the relationship between tenure and development and some of the methodological issues facing such a review. The second part of the paper summarizes the evidence on the impacts of titling. Then the constraints on the implementation of titling and some ways in which these have been addressed are reviewed. Finally, conclusions are drawn and issues for further analysis are identified.

II. TENURE AND DEVELOPMENT

The link between secure tenure and poverty reduction was a key aspect of the launch in 1999 by UN-Habitat of the Global Campaign for Secure Tenure. However, even before this, several international finance institutions, especially the World Bank and many international donors and national governments,⁽²⁾ recognized the importance of secure tenure in promoting economic development and had extensively promoted land titling programmes as a means of increasing tenure security, protecting property rights, securing investments, unifying land markets, improving access to formal credit and reducing poverty.

and livelihoods. Currently, she is a professor at the International Development Department, School of Government and Society, University of Birmingham.

Address: International Development Department, School of Government and Society, University of Birmingham, Edgbaston, Birmingham B15 2TT, UK; e-mail: c.rakodi@bham.ac.uk

The authors gratefully acknowledge the support received from the Global Land Tool Network at UN-Habitat, Sida and the Ministry of Foreign Affairs, government of Norway, in undertaking this study, although the views expressed are solely those of the authors. The case study in Senegal was undertaken by Selle Ndaye with help from Alain Durand-Lasserve, and the South African case studies were undertaken by Colin Marx and Margot Rubin. The project was managed by Geoffrey Payne and Associates (GPA). The present article draws on the original research reports and related papers already published or in process. The full reports, together with details of and links to these other publications are available at www.gpa.org.uk

1. Many countries allocate forms of ownership short of real property rights, for example customary titles, some forms of leasehold titles, or use rights. There are also variations within these categories that are not included in this review.

2. In particular, the aid programmes of Australia, Germany, Norway, Sweden and the USA.

3. de Soto, Hernando (2000), *The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else*, Basic Books, New York, 275 pages.

4. According to *The Observer* newspaper (15 March 2009), "...former President Bill Clinton has called de Soto 'the world's greatest living economist', and other admirers include George W Bush, Vladimir Putin and Hamid Karzai." Margaret Thatcher was also a keen supporter, while Prime Minister Gordon Brown was a member of the Commission for Legal Empowerment of the Poor (CLEP), which was co-chaired by de Soto and Madeleine Albright and which issued its final report in 2008.

5. Buckley, R M and J Kalarickal (2006), "Land market issues: the mystery of capital revisited. Urban land policy – is titling the answer?", Chapter 3 in R M Buckley and J Kalarickal (editors), *Thirty Years of World Bank Shelter Lending: Directions in Development Infrastructure*, World Bank, Washington DC, page 23.

Debate on the role of land titling in reducing poverty has certainly been enlivened by the publication in 2000 of *The Mystery of Capital* by Hernando de Soto,⁽³⁾ which claims a direct correlation between property ownership and affluence in the West and seeks to explain the continued poverty of low- and middle-income countries in terms of their undeveloped property regimes. He suggests that while the poor already possess assets, they hold them in a defective form, rendering them "dead capital". By this he means that they lack property titles, which they could use as collateral for loans to invest in businesses. By granting the poor titles to their land, de Soto claims that they can "enliven" such "dead capital" and use their properties as collateral for loans to improve their houses, or open businesses to lift themselves out of poverty.

While de Soto has certainly enlivened debate on land and housing issues, it is far less clear whether titling does enliven such "dead capital". In fact, given the enormous political influence that de Soto has achieved in the US and the UK,⁽⁴⁾ and the current state of the world economy caused by the wholesale promotion of home ownership and land titling programmes that he advocates, one might have expected de Soto to be adopting a low profile. In fact, it appears he now claims to have the answer to the global crisis as well, and is being considered as a candidate for a Nobel Prize. While de Soto's claims and evidence have been widely criticized by the overwhelming majority of academic and professional observers on conceptual, ideological and methodological grounds, clearly his politically supported bandwagon rolls on regardless. This warrants even more attention to the implications of land titling policies and programmes and to the need for tenure policy to be soundly based on empirical evidence.

Fortunately, recent thinking from the World Bank suggests that, at least in policy circles, more nuanced approaches are now being recognized as desirable. For example, Buckley and Kalarickal argue that "...it would be dangerous to promote formal titling programmes as the sole solution necessary to solve the problems of the urban poor ... titling alone will not 'unlock' capital."⁽⁵⁾ They also suggest that titling will not necessarily result in increased assets for the poor, as it raises a range of practical problems that potentially reduce the seemingly large gains: it is often a costly process; it is rarely adapted to the great variety of land rights and tenure categories; and access to mortgage credit is difficult when there is no effective formal financial system. It is also important to note that the World Bank's promotion of secure tenure embodies two different objectives. On the one hand, it seeks to improve tenure security for residents in informal settlements, while on the other it attempts to increase security for domestic and international investors promoting economic development. The interests of these key stakeholders may not always be easy to reconcile.

Despite the promotion of titling by the World Bank, only five out of its 44 land projects seem to include the actual allocation of land titles in urban or peri-urban areas. Most titling programmes have been undertaken with funding from other donor agencies or national governments.

III. METHODOLOGICAL ISSUES IN ASSESSING THE EVIDENCE

As with many other policy evaluations, social and economic impact assessments of land titling are fraught with methodological problems.

Identifying and measuring endogenous and exogenous factors relating to the social and economic impacts of titling requires the ability to measure individual variables that are themselves difficult to quantify. Another consideration is that data on urban land and housing markets in low- and middle-income countries are invariably limited, unavailable, outdated or inconsistent between cities and countries. In addition to a desk review of the literature, fieldwork was therefore undertaken in two countries, Senegal and South Africa, where land titling had been implemented for a sufficiently long period to be able to assess medium- as well as short-term impacts.

One of the most challenging methodological issues in assessing the impacts of a particular policy intervention is the question of attribution. In this instance, the question is the extent to which changes in the social and economic characteristics of those affected can be attributed to titling. In other words, how can one isolate the titling "gene" from a wide range of social and economic variables that affect access to land and security? Ideally, there should be a before-and-after study of both beneficiaries of titling and a control group with similar socioeconomic characteristics at the outset. It is rare for such cases to exist, or for the necessary time and funding to be available to conduct a baseline study when they do. In the absence of this option, the issue can be dealt with by developing an in-depth understanding of local contexts and relevant factors, avoiding bias in the selection of case study settlements and focusing on area-wide, rather than sporadic, titling programmes. Comparative studies within cities can help overcome the problems through the selection of study areas in which key factors can be held constant. The availability of baseline data on an area and its occupants also influences the choice of case studies. It was therefore decided to examine the outcomes and impacts for various social groups, differentiating according to appropriate local dimensions of social difference (e.g. income, ethnicity, religion, caste, gender, political affiliation, age) and distinguishing between households and individuals (especially male heads, their spouses and female household heads). The selection of respondents was thus critical and included, where possible, original and current owners and original and current tenants.

Evidence for the study was collected using a combination of:

- secondary sources (a desk review of the international literature);
- a stakeholder analysis;
- key informant interviews;
- questionnaire surveys and selected case studies;
- focus group discussions; and
- local workshops.

Evidence was then assessed by the project team and any anomalies resolved as required.

IV. THE SOCIAL IMPACTS OF URBAN AND PERI-URBAN TITLING PROGRAMMES

Land titling programmes are invariably undertaken to meet a number of social policy objectives. Some of these are discussed below.

6. Sims, D (2002), "What is secure tenure in Egypt?", in G Payne (editor) (2002), *Land, Rights and Innovation: Improving Tenure Security for the Urban Poor*, ITDG Publishing, London, 331 pages.

7. Banerjee, B (2004), "Maximizing the impact of tenure and infrastructure programmes on housing conditions: the case of slums in Indian cities", Paper presented at the International Conference on Adequate and Affordable Housing for All – Research, Policy, Practice, Toronto, June 24–27.

8. Angel, S, E Brown, D Dimitrova, D Ehrenberg, J Heyes, P Kusek, G Marchesi, V Orozco, L Smith and V Ernesto (2006), "Secure tenure in Latin America and the Caribbean: regularization of informal urban settlements in Peru, Mexico and Brazil", Woodrow Wilson School of Public and International Affairs, Princeton University, New Jersey, 135 pages.

9. Kagawa, A and J Turksra (2002), "The process of land tenure formalization in Peru", in Payne (2002), see reference 6; also Ramirez Corzo, D and G Riofrio (2005), "Land titling a path to urban inclusion? Policy and practice of the Peruvian model", Paper presented at the N-AERUS Conference, Barcelona, 15 September 2004.

10. Allanic, B (2003), "Houses without subsidies: the (unofficial) people's housing process in South Africa, with reference to Mandela Village (Tshwane)", unpublished report for the research project "La nouvelle coutume urbaine: évolution comparée des filières coutumières de la gestion foncière urbaine dans les pays d'Afrique subSaharienne", which is part of the Programme de Recherche Urbaine pour le Développement (PRUD) funded by the French Ministry of Foreign Affairs and ISTED, with further funding for this particular project from DFID.

11. Kironde, L (2006), "The regulatory framework, unplanned development and urban poverty: findings from Dar es Salaam, Tanzania", *Land Use Policy* Vol 23, Issue 4, pages 460–472.

a. Impacts on tenure security

The single most important justification for land titling programmes is that they increase tenure security. However, as many observers have noted, tenure security is not just a matter of legal or illegal, formal or informal status; "security" is a relative concept and a matter of perception as well as law.

The prospect of obtaining full ownership of a parcel of land may be popular, especially if it is free or inexpensive. However, examples suggest that land titling programmes are often proposed or implemented in countries or cities where residents in unauthorized settlements already enjoy a degree of de facto tenure security, such as Egypt,⁽⁶⁾ India,⁽⁷⁾ Mexico,⁽⁸⁾ Peru,⁽⁹⁾ South Africa⁽¹⁰⁾ and Tanzania.⁽¹¹⁾ The most significant challenge may therefore be to assess the increases in security experienced in countries or cities where such de facto rights did not exist prior to titling. The evidence is surprisingly thin and mixed, in contexts characterized by customary title (once titles are issued it is more difficult to accommodate extended families and group rights) and statutory use rights (freehold often forces existing low-income tenants out of an area, as they can no longer afford the rents, which often rise dramatically after titling).⁽¹²⁾

Some authors argue that one outcome of titling programmes is a **reduction** in security of tenure.⁽¹³⁾ Experiences of titling reducing security of tenure are reported from Afghanistan⁽¹⁴⁾ and India,⁽¹⁵⁾ where protection from forced evictions is not necessarily guaranteed by the possession of a land title. Similar cases of the poor benefiting from the allocation of titles, but then being vulnerable to either forced evictions or market-driven displacement, are reported in Kolkata,⁽¹⁶⁾ Egypt,⁽¹⁷⁾ Cambodia and Rwanda.⁽¹⁸⁾ Expropriation and the use of eminent domain rights are progressively tending to replace forced evictions. Market-driven displacements appear to be an increasingly common means by which land titles reduce security of tenure rather than increase it.

The evidence available indicates, therefore, that increased security may be achieved through several means other than titling, while the provision of titles may actually **reduce** security for both tenants and newly titled owners, given the attraction of the suddenly enhanced value of their assets to higher-income groups or others with the motives and ability to take advantage of the changed tenure status.

The surveys in both Senegal and South Africa confirm that residents' perceptions of tenure security are as important in influencing behaviour as legal tenure status, and residents in most informal settlements in both countries already enjoy de facto tenure security. While titling has had a very positive impact on increasing tenure security for women by specifying them on ownership records, the situation for tenants is less positive in that rents in the Senegal case increased sharply as newly regularized shack owners transferred onto them the costs of tenure regularization and physical upgrading.

The Senegal case study found that a significant percentage of households entitled to regularization have not yet completed the process of registering their rights. This suggests that at least some households consider that the option to commence the titling process is sufficient to realize an adequate level of perceived, if not formal, tenure security and that finalizing the process can be delayed indefinitely, especially if completion exposes them to additional unnecessary expenditure.

BOX 1 Key findings from the Senegal case studies

Context: Senegal was the first West African country to implement a nationwide tenure regularization programme based on the delivery of real property rights in urban areas. The rights delivered are real rights and, accordingly, can be transferred and mortgaged. However, they are not, or not yet, freehold titles, as they are granted for a renewable period of 50 years. They can be converted into freehold titles once the land has been developed and the fees, taxes and costs of regularization and the administered price of the land are fully paid.

The programme was implemented incrementally in Dakar between 1987 and 2007. Sample surveys were carried out in five settlements in Dakar-Pikine between September and November 2007. Four of these had undergone tenure regularization and physical upgrading: Dalifort, Aïnoumady, Sam-Sam 1 and Wakhinane 1. Surveys were also undertaken in a fifth settlement, Wakhinane 2, which has not undergone physical upgrading or tenure regularization.

Tenure security impacts: The surveys showed that tenure regularization contributes to improved security of tenure. However, most informal settlements already enjoyed *de facto* guarantees supported by government commitments made at the very beginning of the tenure regularization programme. The programme therefore benefits communities that are not directly exposed to evictions.

Ironically, a significant percentage of people entitled to a surface right have not yet received it. This suggests that at least some households consider that having the option of completing the titling process is sufficient for obtaining an adequate level of tenure security. Thus, finalizing the process can be delayed indefinitely, especially if completion exposes them to additional expenditure that they regard as unnecessary. The provision of titles therefore makes little difference to perceived tenure security, which is already high.

Titling and investment: Evidence of a link was difficult to assess, as tenure regularization was generally accompanied by physical restructuring and upgrading, plus the provision of basic services and improved roads.

Access to formal credit: Overall, the surveys indicated that tenure regularization has very limited impact on access to (formal) mortgage credit whatever the purpose for seeking a loan. In Dalifort, where important investments have been made in housing construction, and where a steady gentrification process can be observed, access to mortgage credit is particularly low. Savings are preferred to credit.

Impact on municipal revenues: Property rights are delivered to the beneficiaries when they have fully paid the price of the land, the administrative costs of regularization, fees and stamp duties. Surveys suggest that being caught within the property tax net may have discouraged households entitled to a property right from finalizing the tenure regularization procedure. While tenure regularization should increase revenues, in reality it makes a negligible contribution.

Titling and poverty reduction: The impact of regularization on incomes is not clearly measurable and does not permit definite conclusions to be drawn.

Administrative impacts: As of June 2006, less than 1,280 rights had actually been delivered. At this pace, decades would be needed to respond to the titling needs despite drastic simplification of procedures and the setting up, in the late 1990s, of a specialized entity responsible for speeding up the titling process.

General impact: The programme has had two opposite impacts: it has accelerated the formalization of informal land markets, and induced an "informalization" of formal land transactions. The achievements of the tenure regularization programme in urban areas in Dakar are limited when compared to the considerable human and financial resources that were mobilized.

Potentially, tenure formalization may induce long-term gentrification, especially in settlements located near city centres or other potentially high value locations. This is the case in the Dalifort settlement, a very low-income slum area in Dakar, Senegal, where tenure upgrading started in the late 1980s as a pilot project and that today can be considered a middle- and high middle-income settlement.⁽¹⁹⁾ What is less clear, as in

12. Payne, G (1997), *Urban Land Tenure and Property Rights in Developing Countries: A Review*, IT Publications/ODA, London, 73 pages.

13. Mitchell, T (2006), "The properties of markets: informal

housing and capitalism's mystery", Working Paper No 2, Cultural, Political Economy Working Paper Series, Institute for Advanced Studies in Social and Management Sciences, Lancaster University, 25 pages.

14. World Bank (2006), "Afghanistan", Urban Policy Notes Series 5.2, World Bank, Washington DC.

15. Sukumaran, K (1999), "Hunted, hounded and homeless in Indore. A report of large-scale forced evictions", IPT Report, Indian People's Tribunal on Environment and Human Rights, New Delhi, April.

16. Banerjee, B (2002), "Background note prepared for the design of Kolkata Urban Services for the Poor Project (DFID)", mimeo, unpublished report to DFID.

17. See reference 6.

18. Durand-Lasserve, A (2006), "Market-driven evictions and displacements: implications for the perpetuation of informal settlements in developing cities", in M Huchzermeyer and A Karam (editors), *Informal Settlements. A Perpetual Challenge?*, University of Cape Town Press, pages 202–227.

19. Barbier, J (2006), "Programme de Restructuration des Quartiers Spontanés", PRQS Évaluation, page 26, mimeo, unpublished report; also World Bank (2004a), "Upgrading of low-income settlements in sub-Saharan Africa. Assessing the impact of formal and informal interventions", Draft, TF N° 024 943, World Bank, Washington DC, 128 pages.

20. Lanjouw, J O and P I Levy (2002), "Untitled: a study of formal and informal property rights in urban Ecuador", *The Economic Journal* 112, October, page 1011.

21. See reference 20, page 1012.

22. Gilbert, A G (2002), "On the mystery of capital and the myths of Hernando de Soto: what difference does legal title make?", *International Development Planning Review* 24, pages 1–20.

many other cases that were reviewed, is whether the original residents have remained in place with gradually increasing incomes, or have been replaced by households with higher incomes.

b. Do land titles promote active urban land and housing markets?

Another assumed benefit of land titling is that it promotes an active land and housing market in which property is traded in the same way as any other economic resource or commodity. This is certainly the view of Lanjouw and Levy, who state that:

"...when a buyer cannot be sure that a household will honour the 'sale' of its property, and when a property owner cannot be sure that a renter will honour his commitment to leave, households have a more limited range of people with whom they can transact, perhaps including only friends and family members."⁽²⁰⁾

However, they also found, in their study in Ecuador that, in the event of gaining title, "...most of [the] surveyed households expect to remain on their properties for a very long time, as they feel they have stronger ownership rights."⁽²¹⁾ Similar outcomes are reported from Bogotá by Gilbert,⁽²²⁾ while Angel et al. report that in Mexico, "...there is very little buying and selling of homes in consolidated communities, except in desirable areas that are subject to gentrification."⁽²³⁾ This suggests that newly titled households regard their properties primarily as homes and the basis for raising a family and improving community life. They regard their properties as social assets, not economic commodities to be traded in the market.

Three situations where post-titling sales do appear to be significant can be identified: distress sales;⁽²⁴⁾ sales in peri-urban locations to which residents have been relocated from informal inner-city settlements;⁽²⁵⁾ and cases where households are realizing the windfall gains of titled properties in locations attractive to higher-income households or private developers.⁽²⁶⁾ This observation suggests that informal settlements located in prime urban areas may be exposed to accelerated gentrification following land titling.⁽²⁷⁾ More commonly, however, observations confirm that newly titled households continue to regard their properties primarily as homes, the basis for family and community life and an asset to bequeath to their children, and they are unlikely to sell them.

The literature reveals two opposing approaches by governments concerning the integration of titled areas into the formal land and housing markets. In some cases, transfers are encouraged, although they do not always happen for the reasons predicted, while in other cases, transfers are discouraged for social reasons, although the restrictions may not be effective.

Case studies of the tenure regularization programme in Dakar show that the programme is having two opposite impacts: it has accelerated the formalization of informal land markets; and it has induced an "informalization" of formal land transactions (to avoid taxation or temporary restrictions put on the transfer of real property rights). These two phenomena are closely interrelated and cannot be disentangled one from the other. The South African case study clearly demonstrates the need for

tenure policy to be closely integrated with spatial planning, livelihoods policy and the provision of public utilities and facilities.

A key issue to consider is governance. While poor governance may explain limitations in some countries, the South African case study demonstrates that despite central and local government commitment, adequate resources and a strong cadre of professional staff, the allocation of land titles has failed to create more dynamic and socially responsive urban land and housing markets. This may be due to a lack of variety in the types of housing and locations available, so that beneficiaries of land and houses are reduced to accepting the standard government units allocated to them, thus reducing incentives to move to another property. In Senegal, the allocation of property rights has stimulated formal and informal land markets, affected land prices and contributed to accelerated market-driven displacements. It is difficult, therefore, to avoid the conclusion that negative impacts must be due to the inherent limitations of titling as a policy instrument, and not a failure of governance.

The surveys in South Africa found that holding a title deed made household heads feel more empowered to defend their ownership claims and rights to the land. In informal settlement contexts, the ability to defend claims is predicated on the strength and dynamics of social networks. These dynamics could be beneficent and efficient, highly exploitative, or both. However, in informal settlement contexts there is little recourse to agents or authorities outside the social networks within the settlement. Social networks may or may not be as important in formalized settlements, but there is the opportunity to appeal to external agents or authorities when property claims are contested, and therefore households' vulnerability to arbitrary eviction and loss of property is reduced. This is perceived to be one of the most powerful benefits of possessing a title deed, despite the fact that 91.1 per cent of the respondents stated that they had never actually used their title deed for such a purpose.

23. See reference 8, page 14.

24. Cousins, B, T Cousins, D Hornby, R Kingwill, L Royston and W Smit (2005), "Will formalizing property rights reduce poverty in South Africa's 'second economy'? Questioning the mythologies of Hernando de Soto", in Programme for Land and Agrarian Studies – PLAAS, "Debating land reform, natural resources and poverty", Policy Brief No 18, October.

25. Deutsch, R (2006), "Beneficiary assessment of land title recipients under the Land Management and Administration Project (LMAP)", prepared for the Ministry of Land Management, Urban Planning and Construction, Phnom Penh, 70 pages.

26. Durand-Lasserve, A and L Royston (2002), *Holding their Ground: Secure Land Tenure for the Urban Poor in Developing Countries*, Earthscan Publications, London, 264 pages.

27. See reference 26.

BOX 2

Key findings from the South African case studies

Case studies were undertaken in three settlements (both titled and untitled) in the Ekurhuleni metropolitan area, Gauteng province, to review the post-Apartheid government's efforts to redress years of dispossession by low-income households. Some key findings:

- There is a range of other tenure options that exist in low-income communities but that pass unrecognized by current policy.
- The old dualisms of own/rent and informal/formal are not useful in understanding the different kinds of tenure that are used within low-income communities.
- Possessing a title deed has little effect on owners' perception of their security of tenure.
- When households in the three communities were asked if they were afraid that somebody could take their home away, irrespective of their tenure very few households thought that they could be moved. However, it does make households feel less vulnerable and provides a defensible claim.
- Possessing a title deed has little effect on improvements and household investment.
- Fewer than half (45 per cent) of households with formal tenure and only 30 per cent of those with intermediate ownership had made any improvements to their homes, whereas 33 per cent of households who own their properties informally had made some improvements to their units. When probed, most households claimed that the reason they had not invested in their homes was a lack of finance.
- Possessing a title deed has little effect on borrowing/accessing credit.
- Only 13.7 per cent of low-income households borrow money at all and most express a deep fear of debt. Of those who have borrowed money, most used banks, but none used their home as collateral.

Continued

- Holding a title does not make selling easier.
- There was no evidence to suggest that households with title find selling their units easier than other households. In fact, owners of Reconstruction and Development Programme (RDP) units wishing to sell within the first five years are required to offer it first to the government. This seems to force households to sell their units informally.
- Households do not see their homes as an income-generating investment.
- When asked if they would sell their homes or the documents to their homes, only 5 per cent said that they would. This indicates that households perceive their homes primarily as a place to raise a family and as a bequest to their children rather than as a commercial asset.
- Title does not help households to save money in formal financial institutions.
- 67.4 per cent of all the households surveyed do not earn enough to save any money, although those that were previously renting minimized their housing costs by obviating the need for rental payments.
- Title makes little difference, but the process of titling makes a great deal of difference.
- The most important finding is that possession of a title deed makes very little immediate difference to most households, but that the general norms, expectations, procedures and categories of property ownership involved in being part of a “titling system” that ultimately guarantees formal property ownership do make a difference.
- Titling for poor households is de-linked from legal, financial and market processes.
- The current property system is designed for the wealthier sections of society and does not support the low-income home-owning sector. Banks do not cater to, nor consider the value of, title deeds held by low-income households for low-cost properties and the “titling system” does not help such households to join the property or land markets. The legal system also operates for households with higher incomes and fails to recognize that poor households lack access to the tools, instruments and systems that would allow them to effectively utilize the legal system.
- Titling and title deeds are associated with an improvement in the quality of life.
- There is a perception that titles bring with them an improved quality of life, possibly because it also involves the provision of services.
- Titling has helped redress the gender imbalance in property ownership.
- The results indicate that more women-headed households have received title in these areas.

In summary, while the evidence is limited, titling does not appear, from the literature or the case studies, to have either accelerated the integration of informal settlements into formal property markets in ways that benefit the poor as intended, or to have protected them from exploitation in all circumstances.

V. ECONOMIC IMPACTS OF TITLING

a. Impacts of titling on housing investment

Few studies of the economic impacts of land titling, especially in urban areas, have been carried out so far.⁽²⁸⁾ Although the literature is sparse, it provides some information on the impact of land titling on investment, property values, access to credit, and household incomes.

The superior tendency of land titling to stimulate investment in housing and property development has been put forward as a key justification for the promotion of titling rather than other forms of tenure. As such, evidence concerning the impact of titling on investment constitutes a key issue in assessing titling projects and programmes.

In Peru, 75 per cent of the population with property titles has invested to improve their homes versus 39 per cent of persons without property titles, and families with property titles have more rooms in their homes

28. World Bank (2001), “Land, security, property rights and the urban poor: twenty-five years of World Bank experience”, World Bank Briefing Note 8, Washington DC.

and better quality homes.⁽²⁹⁾ Furthermore, the value of their property had increased by between 20 and 30 per cent. However, these conclusions should be treated with caution, as COFOPRI⁽³⁰⁾ is the implementing agency for the land titling programme and the authors do not give details about their survey methodology. In her 2005 paper, Field concludes that strengthening property rights in urban slums has a significant effect on residential investment: the rate of housing renovation rises by more than two-thirds of the baseline level.⁽³¹⁾ The rate of investment following titling is influenced, among other factors, by the degree of insecurity prior to titling. For example, Galiani and Shargrodsky conclude that in Buenos Aires, "...moving a poor household from usufructuary rights to full property rights substantially improves housing quality",⁽³²⁾ but they fail to acknowledge the extreme levels of insecurity experienced by the sampled households in the years prior to titling.

In situations where there is considerable de facto security of tenure, however, households appear willing to invest in infrastructure or property improvements. As stated above, it may be the **perception** of security and the achievement of a minimum bundle of property rights that exert a greater degree of influence over levels of investment and other benefits rather than the provision of titles per se. Moreover, such a sense of security may be **created** by infrastructure investment. Kessides, for example, considers that:

"...while formal land registration and titling have been a component in many Bank-supported projects and often a source of delay in implementation, experience has shown that infrastructure improvements providing less than legal title can create a sufficient informal security of tenure to permit residents to invest and acquire other services".⁽³³⁾

Angel et al. came to the same conclusion in Mexico, where they noted that "...homeowners do not wait for titles to make improvements to their homes. Any lack of investment appears to be controlled more by limited income than lack of title."⁽³⁴⁾ Moreover, Bromley argues that it is impossible for an individual to recover investments in home improvements if they are selling a house with title in a neighbourhood that is blighted and unpromising. The best house in a bad neighbourhood, he notes, is continually burdened by its surroundings: there is nothing automatic about titles leading to home improvements.⁽³⁵⁾

The evidence suggests that the key issue is to what extent titles are the **only** form of rights that can achieve the objective of increasing housing investment. Significantly, other observers of the situation in Peru note that "...when poor urban families feel secure about staying in the dwelling they occupy, they are more likely to invest in housing construction. Such investment has been observed throughout squatter settlements in Lima."⁽³⁶⁾ These points seriously undermine the claims of the Peruvian programme that titling represents the most effective means of increasing investment or access to formal credit, and suggest that it is simply one of several effective means.

Surveys indicated that it may be the **perception** of security and relative benefits of increased property rights that exerts a greater degree of influence over levels of investment and other benefits, rather than titles per se. Of the households that made investments in their properties, 70 per

29. Cantuarias, F and M Delgado (2004), "Peru's urban land titling programme", case study from "Reducing poverty, sustaining growth – what works, what doesn't and why?", Paper presented at the Scaling-up Poverty Reduction: A Global Learning Process and Conference, Shanghai, 25–27 May 2004, World Bank, Washington DC, 30 pages.

30. Commission for the Formalization of Informal Property (COFOPRI), established by the government of Alberto Fujimori.

31. Field, E (2005), "Property rights and investment in urban slums", *Journal of European Economic Association* Vol 2, No 3, April–May, pages 279–290.

32. Galiani, S and S Shargrodsky (2005), "Property rights for the poor: effects of land titling", Working Paper No 29, Stanford Centre for International Development, Stanford University, page 21.

33. Kessides, C (1997), "World Bank experience with the provision of infrastructure services for the urban poor: preliminary identification and review of best practices", World Bank, Washington DC, January, page 11.

34. See reference 8, page 14.

35. Bromley, D (2005), "The empty promises of formal titles: creating Potempkin villages in the tropics", University of Wisconsin–Madison, 11 pages.

36. Calderón Cockburn, J (2004), "The formalization of property in Peru 2001–2002: the case of Lima", *Habitat International* Vol 28, No 2, page 298.

cent said that they would have undertaken the improvements even if they had not received the new land title. The clear conclusion from the evidence, therefore, is that although titling is one of many means of encouraging investment in housing and land, it is by no means the only one.

b. Titling and property values

Another common claim in favour of titling programmes is that they generate a significant increase in property values. The literature provides considerable support for this claim in the cases of Peru,⁽³⁷⁾ Ecuador,⁽³⁸⁾ the Philippines,⁽³⁹⁾ Cambodia⁽⁴⁰⁾ and Brazil.⁽⁴¹⁾ The evidence suggests that price increases of 25 per cent are common following the provision of land titles, and in some cases the increases are even higher. What this also suggests, however, is that the lack of formal title is a price that the urban poor pay to gain access to a residential plot that they could otherwise not afford. Of course, increases in land values are beneficial to owners planning to sell land, but they are less attractive to those seeking to acquire it as average incomes do not increase at a similar rate to average urban land values.

Mitchell points out that:

“...the increase in property value comes from two sources, neither of which represents ‘dead’ capital brought to life. In the short term, it comes from speculative investment. But the bulk of any increase in property value is realized only in the longer term, when the next generation of individuals seeks housing. The outcome is an inter-generational transfer of wealth.”⁽⁴²⁾

The literature therefore broadly supports claims that titling increases property values, although it is clear that while this is good news for those selling, it is bad news for those buying now or in the future.

c. Access to (mortgage) credit

The ability to use property titles as collateral in accessing formal credit is widely considered to be a key reason for selecting land titling over other tenure options. The issue correspondingly receives considerable attention in the literature, for reasons cited by Bromley who observes that the gathering momentum concerning the formalization of rights in housing is based on the assertion that:

“...titles are also said to permit individuals to gain access to official sources of credit – banks, credit unions, lending societies – using their new title as collateral for loans to accomplish several desirable outcomes: start a business; upgrade a dwelling; or undertake investments so that agricultural production will be augmented. All of these outcomes are seen as a means whereby the poor can help themselves without the need for grants and various anti-poverty programmes from the international donor community, or even the aid of national governments. It is simple, cheap and effective.”⁽⁴³⁾

Certainly, land is commonly used as collateral for securing a mortgage.⁽⁴⁴⁾ However, a more pertinent question in terms of the impact of land titling programmes is their impact on access by the poor to mortgage credit. The

37. See reference 27.

38. See reference 20.

39. Dowall, D E (1998), “Making urban land markets work: issues and policy options”, prepared for a seminar on “Strategy on Urban Development and Local Governments”, World Bank, Washington DC.

40. See reference 25.

41. See reference 13, page 17, quoting Alston, L, G Libecap and R Schneider (1996), “The determinants and impact of property rights: land titles on the Brazilian frontier”, *Journal of Law, Economics and Organization* Vol 12, No 1, pages 1569–1614, cited in C Woodruff (2001), “Review of the mystery of capital”, *Journal of Economic Literature* Vol 39, April, pages 1215–1223.

42. See reference 13, page 18.

43. See reference 35, page 2.

44. Land Equity (2006), “Land administration: indicators of success, future challenges”, Land Equity International Pty Ltd, Wollongong, Australia.

outcomes appear on balance less impressive than the forecasts, although reports vary.

Taking the well-known and influential example of Peru first, Cantuarias and Delgado report that:

“...the amount of credits granted by the formal financial system increased by 47 per cent in three years (December 2000 – December 2003), while the number of credits granted grew by 53 per cent in the same period. Despite this success, only 45 per cent of the initial potential market was reached (people demonstrating their income and having property titles).”⁽⁴⁵⁾

In other words, more than half of all formal credit granted during this period was to applicants who did not have, or needed to demonstrate that they possessed, land titles. This suggests that the formal credit system was not reliant on the allocation of land titles in order to meet the needs of those seeking credit. Cantuarias and Delgado also acknowledge that “...the total number of mortgages constituted between 1999 and December 2003 is relatively modest, compared to the scale of the programme.”⁽⁴⁶⁾ Gravois stresses that, in Peru, titles do not actually increase access to credit very much after all.⁽⁴⁷⁾ Out of the Lima households awarded land titles in 1998 and 1999, only about 24 per cent had obtained any kind of financing by 2002 – and in that group, financing from private banks was almost nil. Similarly, Field and Torrero found that “...there is no evidence that titles increase the likelihood of receiving credit from private sector banks.”⁽⁴⁸⁾ They conclude that private banks “...are not using property titles to securitize loans.”⁽⁴⁹⁾ According to Angel et al., in Peru “...studies have not yet been able to demonstrate direct causation between the titles and increased extension of credit, since the main cause for loan rejection in Peru is low repayment capacity of the borrower rather than lack of collateral in the form of a title.”⁽⁵⁰⁾ Especially in countries where access to formal mortgage credit is only available through private banks, titling may not necessarily increase access to such credit.

The evidence from other countries also lends little support to claims that titling has a significant impact on access to formal mortgage credit. A survey of several African countries concluded that “...employment and income are key factors to obtain loans.”⁽⁵¹⁾ Angel et al. report no increase in access to mortgage credit by newly titled households in Mexico.⁽⁵²⁾ They also report a lack of take-up in Brazil, where “...although CRRU titles [Concessions to the Real Right to Use] permit the selling, renting and use of land as collateral, they are rarely used for such purposes due to a variety of restrictions.”⁽⁵³⁾ An equally sobering comment is provided by McAuslan, who warns that “...the use of land as security and an engine of wealth creation in Africa will continue to be problematic until more creative mortgage systems and laws are applied.”⁽⁵⁴⁾

Several studies in Africa and Peru provide evidence that the poor do not wish to use land titles as collateral because the risk of losing their land is felt to be too great.⁽⁵⁵⁾ According to Ho and Spoor,⁽⁵⁶⁾ the limitations of using titles to increase access to credit, and the dangers to which this exposes the poor, have been acknowledged by the World Bank, which has stated that:

“... formal titles may not have an effect on access to credit (...) At low levels of income and in the absence of other mechanisms for social security, land serves as a social safety net. Foreclosing on the land of

45. See reference 29, page 10.

46. See reference 29, page 2.

47. Gravois, J (2005), “The de Soto delusion”, posted at <http://www.slate.com/Default.aspx?id=2112792&>.

48. Field, E and M Torrero (2006), “Do property titles increase credit access among the urban poor?”, evidence from a nationwide titling programme, unpublished mimeo, page 1.

49. Field and Torrero also note that “...households with no legal claim to property are 9–10 percentage points less likely to secure a loan from a public sector bank for housing construction materials.... though we find no effect of formal property ownership on approval rates of private sector banks.” See reference 48, page 3.

50. See reference 8, page 12.

51. IIED (2006), “Local innovation in securing land rights in Africa: lessons from experience”, Briefing Paper, IIED, London, page 12.

52. See reference 8.

53. See reference 8, page 15.

54. McAuslan, P (2006), “Legal pluralism as a policy option: is it desirable? Is it doable?”, in CAPRI “Land rights for African development – from knowledge to action”, CAPRI Policy Briefs, page 10.

55. Rakodi, C and C Leduka (2004), “Informal land delivery processes and access to land for the poor: a comparative study of six African cities”, Informal Land Delivery Processes in African Cities, Policy Brief 6, International Development Department, University of Birmingham, www.idd.bham.ac.uk/research/researchprojs.htm; also see reference 51; and see reference 13.

56. Ho, P and M Spoor (2006), “Whose land? The political economy of land titling in transitional economies”, *Land Use Policy* Vol 23, pages 580–587.

57. Deininger, K (2003), "Land policies for growth and poverty reduction", World Bank Policy Research Report, Washington DC, page 49.

58. See reference 7, page 9.

59. Nkurunziza, E (2004), "Informal land delivery processes in Kampala, Uganda: summary of findings and policy implications", Informal Land Delivery Processes in African Cities, Policy Brief 5, International Development Department, University of Birmingham, www.idd.bham.ac.uk/research/researchprojs.htm.

60. CLEP – Commission on Legal Empowerment of the Poor (2006), Overview Paper, UNDP, New York, accessible at http://www.undp.org/legalempowerment/pdf/HLCLEP_Overview.pdf, page 14.

61. See reference 32, page 28.

62. Fernandes, E (2006), "Principles, bases and challenges of the national programme to support sustainable urban land regularization in Brazil", in M Huchzermeyer and A Karam (editors), *Informal Settlements. A Perpetual Challenge?* University of Cape Town Press, page 78.

households that have defaulted on credit would deprive them of the basic means of livelihood and may not be socially desirable."⁽⁵⁷⁾

The literature cites two other factors that significantly influence the impact of titling on access to mortgage credit. The first is the form of title or, in the case of long leases, their duration. The second consideration is that an inability to satisfy all the official standards may preclude owners not only from legalizing their property but also from accessing institutional credit. For example in India, planning rules and construction norms do not always allow legal building improvements,⁽⁵⁸⁾ while in Kampala, plots in informal settlements that are smaller than the prescribed minimum cannot be legalized.⁽⁵⁹⁾

The bulk of the literature reviewed, therefore, suggests that titling has not, at least in the short term, generated any significant improvement in access to formal credit. Very few of the households in any of the case study settlements in Senegal or South Africa have taken out loans, including bank loans. Among those who have, the most common purpose is house improvement. The proportion of households that have taken out loans to develop businesses is even smaller, and none have used their houses as collateral.

d. Household incomes, employment and labour mobility

Do titling programmes increase labour mobility and employment? Surprisingly little comment is provided in the reviewed publications. Increases in household incomes are inevitably linked with improvements in the macro economy and access to services. Nonetheless, tenure formalization, and titling in particular, has been advocated by the Commission on Legal Empowerment of the Poor: "*The Commission's work is based on the assumption that reforming legal and ownership systems to increase the inclusion of the poor in the formal sector can contribute to alleviating poverty and promote sustainable growth and development.*"⁽⁶⁰⁾ However, Galiani and Shargrodsky found no evidence in their Buenos Aires study that titling had generated an increase in "...household head income, total household income, total household income per capita, total household income per adult and employment status of the household head (...) These families are still very poor... their household income amounts to only 38 per cent of the official poverty line, and 94 per cent of households are below this line..." 20 years after titles were allocated.⁽⁶¹⁾ Finally, in the case of Brazil, Fernandes notes that despite the advantages of titling in many respects, "...the fact is, even when they have titles following the completion of regularization programmes, the residents of informal settlements are still perceived – and see themselves – as favela dwellers and, as such, they are discriminated against by the labour market."⁽⁶²⁾

The length of journeys to work may change as a result of increased choice of labour market opportunities or as a necessity, as may be the case for titling programmes in peri-urban areas housing communities re-located from inner-city locations.

Information collected during the survey on residential mobility in Dakar suggests that the economic impact of tenure regularization is limited and barely measurable. Many families are so poor that they are unable to improve their housing conditions. As such, the sale of the property is seen by some as the only option.

VI. BUILDING AND ENVIRONMENTAL IMPACTS OF TITLING

a. Provision of, and access to, urban infrastructure and services

What impact does titling have on access to urban infrastructure and services? The literature reviewed offers no clear evidence. Although many service delivery agencies are not officially mandated to provide services to informal settlements, it is not clear that titling makes a significant difference or that the provision of services is always an integral component of such programmes. In Colombia, the constitution entitles all citizens, irrespective of their tenure status, to receive **all** public services on the sole condition that they can afford to pay for them.⁽⁶³⁾ Titles are not necessary to gain access to services. In Mexico, UN-Habitat⁽⁶⁴⁾ and Azuela and Duhau⁽⁶⁵⁾ report that services are not provided as part of titling programmes. A similar disconnect applies in Egypt.⁽⁶⁶⁾ In contrast, reports of a positive impact of titling on access to services are provided by Banerjee, but she also points out that investments generated by improved security of tenure in the case of Indian cities may create new problems regarding planning and the provision of infrastructure in very densely populated settlements: "As a result, the basic services originally provided become progressively inadequate for the growing population and changing uses."⁽⁶⁷⁾ Further evidence comes from Peru, where Cantuarias and Delgado state that "...the Base Line Survey of COFOPRI concluded that homes with property titles have more access to public utilities than those with no documents."⁽⁶⁸⁾ However, unlike other aspects, they provide no data to support this claim. A mixed situation is reported in a case study of Los Laureles, Lima, where Ramirez Corzo and Riofrio⁽⁶⁹⁾ found that neither water nor sewerage networks had been provided to newly titled areas, although both had enjoyed connections to electricity networks before the titling programme began.

One reason for the apparent limited impact of titling on access to services may be that costs are simply too high for residents to afford. Even if the subsidies needed to enable poor residents to receive services are affordable to government, a further consideration when titles are allocated in existing informal settlements is that they may be in environmentally vulnerable locations. As Clichevsky notes, many programmes regularize areas with deficient environmental conditions because there is no other land available.⁽⁷⁰⁾ The improvement of such areas is costly, inhibiting the installation of services.

VII. ADMINISTRATIVE, INSTITUTIONAL, LEGAL AND POLITICAL IMPACTS

The impacts of land titling programmes on the administrative, institutional, legal and political environments into which they are introduced will depend on whether they impose a quantum change or a modest readjustment in the ways in which land is held or in the relationships between people and land. Disaggregating these multi-faceted aspects is problematic, especially since many writers address several, or all, of them in the same paragraph. In our review, particular attention has been given to the assessed administrative, institutional, legal and political impact of land titling.

63. Aristazabal, N and A Gomes (2004), "Improving security without titles in Bogotá", *Habitat International* Vol 28, No 2, page 103.

64. UN-Habitat (2005a), "Land tenure, housing rights and gender – national and urban framework: Mexico", UN-Habitat, Nairobi, page 111.

65. Azuela, A and E Duhau (1998), "Tenure regularization, private property and public order in Mexico", in E Fernandes and A Varley (editors), *Illegal Cities, Law and Urban Change in Developing Countries*, Zed Press, London, 284 pages.

66. See reference 6.

67. See reference 7, page 7.

68. See reference 29, page 9.

69. See reference 9, Ramirez Corzo and Riofrio (2005).

70. Clichevsky, N (2003), "Pobreza y acceso al suelo urbano. Algunas interrogantes sobre las políticas de regularización en América Latina", United Nations and CEPAL, Santiago de Chile, December, 84 pages.

71. Durand-Lasserve, A, E Fernandes, G Payne and M Smolka (2002), "Secure tenure for the urban poor", *Civis, Learning from Cities* Issue 3, Cities Alliance, September, page 3.

72. World Bank (2004b), "Regional study on land administration, land markets and collateralized lending. East Asia and Pacific region", World Bank, Washington DC, 64 pages. Only 30 per cent of all plots had been registered in the 40 years since registration began and it was estimated that unless the pace quickened, titling would never catch up with the total number of parcels since these were increasing at more than 1 million a year.

73. République du Sénégal – Agence Nationale chargée de la Promotion de l' Investissement et des Grands Travaux (APIX) (2006), "Élaboration du plan de restructuration des quartiers de Pikine Sud traversés par l'autoroute Dakar–Diamniadio. Tâche 1: analyse des interventions passées et actuelles. Rapport d'études", Urbaplan, Ingesahael, Senegal.

74. There have been about 45,000 applications for title since 1986 and just over 11,000 titles have been issued. See reference 44, page 103.

75. Magigi, W and B B K Majaani (2006), "Community involvement in land regularization for informal settlements in Tanzania: a strategy for enhancing security of tenure in residential neighbourhoods", *Habitat International* Vol 30, pages 1066–1081.

76. See reference 55.

77. Graglia, J M and E Panaritis (2002), "At the end of the beginning: the formalization of property rights in emerging markets", *Chazen Web Journal of International Business* Autumn 2002, Columbia Business School, New York, page 12.

78. See reference 8.

79. See reference 70.

80. Feder, G and R Noronha (1989), "Land rights systems and agricultural development

a. Administrative impacts

"In a fairly typical city of 6 million in which 50 per cent of the population lives in irregular settlements, it would be necessary for the administration to issue 400 titles per working day for 10 years to remove the backlog."⁽⁷¹⁾ This means that land titling programmes place heavy demands on land administration agencies, many of which are already overstretched in their attempts to perform routine tasks.

Land titling programmes involve a number of administrative procedures, and therefore involve different teams and departments undertaking new tasks and operating within agreed, and possibly new, procedural guidelines. A lack or weakness of land conflict resolution institutions, and over-complicated titling registration procedures can cause serious delays which themselves can prejudice programme outcomes. For example, a World Bank report on Indonesia indicated that weak administrative capacity had slowed the pace of land titling.⁽⁷²⁾ Similar observations are made in Dakar, Senegal, where the tenure regularization programme was launched in 1987 in Dalifort, but by June 2006, fewer than 1,280 titles had been issued and it was estimated that at the current pace, decades would be needed to respond to the needs.⁽⁷³⁾ For Land Equity, one reason for the delays in Greater Accra, Ghana, was that "...the process of land titling is... overly complex and not well understood by the various actors involved."⁽⁷⁴⁾ Dispute resolution took between two and 10 years in most cases. In Tanzania, Magigi and Majaani state that tenure regularization takes a total of five years.⁽⁷⁵⁾ Similar observations have been made in most other sub-Saharan African countries.⁽⁷⁶⁾

Speeding up the regularization process is clearly crucial and has sometimes been achieved. For example, in the highly effective COFOPRI programme in Peru, Graglia and Panaritis state that the time it takes a Peruvian to complete the formalization process varies from as little as a few hours to up to five days, instead of a few years.⁽⁷⁷⁾ This is undoubtedly a major achievement, although a large proportion of the titled plots were on government-owned peri-urban land that was relatively simple to develop and title. Such advantages do not exist in many other low- and middle-income countries. Angel et al. report that in Peru, the land titling programme clearly had a positive impact on administrative capability.⁽⁷⁸⁾ Clichevsky records a similar outcome in other parts of South America, where programmes have often promoted more flexible regulatory frameworks, especially when planning authorities need to register the properties and allocate deeds.⁽⁷⁹⁾

Another problem is updating. Once titles have been allocated, they have to be recorded in the land registry, which then needs to be permanently updated if titles are to retain their legal validity. As Feder and Noronha note: "There is no point in introducing a system of title registration where the capacity continuously to update the registers does not exist."⁽⁸⁰⁾ Possibly because many urban and peri-urban programmes have only been initiated in the last decade, reports of the impact of titling on the effectiveness of land registries are hard to find.

b. Institutional impacts

A major administrative consideration in implementing land titling programmes and maintaining land registries concerns the level of government

at which these should take place. The relative merits and limitations of centralized or decentralized titling programmes is discussed in the South American context by Clichevsky, who notes that large-scale centralized programmes, as in Mexico and Peru, have been successful in terms of the number of titles given.⁽⁸¹⁾ However, the agencies responsible have not necessarily worked well with local communities, and the Peruvian programme is now administered by local governments.

Given predicted urban population growth rates, land titling programmes will focus increasingly on peri-urban locations. This suggests that titling programmes need to be well integrated with urban spatial development strategies, although there is little evidence of the link between titling and spatial planning in the literature reviewed.

c. Political impacts

Given the enormous profits that titling can generate, it is not uncommon for governments to manipulate it for individual and group benefit. Such practices have a long history. Land Equity notes that "...the formal land registration system in most countries is often not neutral, and where titling is implemented, people with customary tenure may in fact lose their rights."⁽⁸²⁾ Land Equity conclude that women are very vulnerable in these circumstances and it is because of this situation that African countries are introducing new forms of land tenure that are more appropriate. They also note that in Africa, "...for a range of reasons, many of which are related to governance issues, it is extremely difficult to implement large-scale national land titling programmes, or to enforce land use controls."⁽⁸³⁾ They continue, "...systematic titling for much of Africa is not considered an option for a range of reasons, largely related to the experience from the mid-1950s in Kenya, where systematic land titling led to a range of problems including 'land grabbing' by the urban elite."⁽⁸⁴⁾

The need for long-term political support is underlined in the report by Land Equity. For example, large-scale titling in Thailand and Indonesia needed 20 years and major resources. These requirements implied "...a clear vision and a strong political commitment."⁽⁸⁵⁾ On a more general level, McAuslan has observed that:

"...while a strategy of enablement is to be the preferred mechanism for providing access to land and ensuring security of tenure, the role of governments does not stop at enabling land markets to operate efficiently and transparently, important though these matters are. Governments must also direct their attention to considerations of equity and social justice in the operation of land management for land markets. To this end, government at all levels and institutions of civil society must be involved in working together."⁽⁸⁶⁾

VIII. CONCLUSIONS

The literature review and both case studies demonstrate that land titling programmes have generally failed to realize either their social or economic policy objectives. Investment in land and housing, access to formal credit, and municipal revenues have not increased noticeably more than under other tenure regimes, including those that allow many unauthorized

in sub-Saharan Africa", *World Bank Research Observer* Vol 2, No 2, page 164.

81. See reference 70.

82. See reference 44, pages 23–24.

83. See reference 44, page 20.

84. See reference 44, page 20.

85. See reference 44, page 61.

86. McAuslan, P (2005), "Urban land law in the Islamic Republic of Afghanistan", an Issues and Options Paper, mimeo, 2005:3.2.9, August, page 12.

settlements, and there is no significant evidence to date of poverty levels being reduced.

While there is considerable evidence from the literature and the two case studies of increased tenure security from titling, it is equally clear that many alternative forms of tenure, including many informal or unauthorized settlements, also provide high levels of security. The key issue is one of government policy and practice. In those countries where the threat of eviction is tangible, clearly the possession of a title is highly valued. Equally, where no threat exists, people feel sufficiently secure to invest what they have in housing improvements, and in these cases titles are not regarded as important and may even have negative connotations due to the increased commitments and visibility to the authorities that they entail.

The literature review and both cases studies suggest that caution should be exercised before introducing or expanding land titling programmes, especially in areas where titling is a relatively new concept, land administration agencies have limited capability to prepare and continually update land registries, or where communities are vulnerable to external manipulation and exploitation.

a. Policy implications

What implications does this study have for professionals advising governments on tenure policy in the urban and peri-urban areas of low- and middle-income countries? The key implication is that home ownership is not appropriate for all income groups. This applies particularly to poor and very poor households, who lack adequate incomes to meet long-term financial commitments and need to be able to respond quickly and easily to changing livelihood opportunities. For them, short-term tenure options are preferable, such as rental accommodation. In addition, land titling has not been shown to achieve the social and economic benefits claimed for it; in fact, many of the advantages for which titles are promoted, such as stimulating investment in property improvements, have been realized by less formal increases in tenure status. Moreover, these less formal means may be much cheaper and easier to implement given limited institutional and human resources. This suggests that before launching land titling programmes in urban or peri-urban areas, land administration agencies should explore a wide range of alternative tenure options for achieving social and economic policy objectives.

Considerable scope also exists for reviewing the regulatory framework for managing urban land and housing markets and integrating tenure policy within the broader aspects of physical and spatial planning and urban governance. Scope exists for expanding public sector influence over land and housing markets through public-private partnerships and regulatory controls that ensure specific social or environmental benefits to commercially based urban developments. The study has also demonstrated that the social and economic impacts of titling programmes vary according to the objectives and circumstances under which they are undertaken. Three broad categories can be identified:

- **Titling of existing informal settlements within urban areas.** This may result in dramatic increases in land values over a very short

time span, particularly in well-located areas. This may: encourage competition between potential beneficiaries; adversely affect tenants; and encourage market-driven displacement of newly titled owners unaware of the enhanced market value of their property, or forced into distress sales in order to cope with major economic difficulties. Titling programmes under such conditions should therefore be discouraged in favour of other options for the gradual integration of selected settlements into the formal land and housing markets.

- **Titling of new areas, mostly on the urban periphery, undertaken as part of slum or squatter relocation programmes.**

These programmes are usually undertaken as part of city “beautification” or market-driven development programmes. Such approaches have the intended or unintended consequence of forcing the poor out of the cities, often with no, or minimal, compensation, except to a relocation site. Although being allocated a titled plot is preferable to forced evictions without resettlement options, titling programmes under such conditions should be strongly discouraged.

- **Titling undertaken as one option among others in new development areas, but generally in the urban periphery where new development sites are more readily available.**

Such programmes may be offered by private developers on a commercially viable basis to those who can afford the purchase of a plot and associated costs. This approach has the potential to enable landowners in the urban periphery to negotiate a fair price for their land, developers to make an adequate profit and cities to increase the proportion of formally developed land. Measures to increase public information on land and housing markets can increase market transparency and enable all stakeholders to make informed decisions when considering their options. The main constraint on such market-based developments is that costs are often far higher than necessary because of regulatory constraints in the form of inappropriate planning and building standards, restrictive official regulations and complex administrative procedures. Revising the regulatory framework could help massively in enabling lower-income households to afford to acquire land, housing and services in planned legal development. Under such conditions, titling programmes, together with a range of other tenure options, can make a positive contribution, especially if combined with investment in trunk infrastructure (roads, water, electricity) in areas under pressure of urban expansion.

REFERENCES

- Allanic, B (2003), “Houses without subsidies: the (unofficial) people’s housing process in South Africa, with reference to Mandela Village (Tshwane)”, unpublished report for the research project “La nouvelle coutume urbaine: évolution comparée des filières coutumières de la gestion foncière urbaine dans les pays d’Afrique subSaharienne”, which is part of the Programme de Recherche Urbaine pour le Développement (PRUD), funded by the French Ministry of Foreign Affairs and ISTD, with further funding for this particular project from DFID.
- Alston, L, G Libecap and R Schneider (1996), “The determinants and impact of property rights: land titles on the Brazilian frontier,” *Journal of Law, Economics and Organization* Vol 12, No 1, pages 1569–1614.
- Angel, S, E Brown, D Dimitrova, D Ehrenberg, J Heyes, P Kusek, G Marchesi, V Orozco, L Smith and V Ernesto (2006), “Secure tenure in Latin America and the Caribbean: regularization of informal urban settlements in Peru, Mexico and Brazil”, Woodrow Wilson School of Public and International Affairs, Princeton University, New Jersey, 135 pages.

THE LIMITS OF LAND TITLING AND HOME OWNERSHIP

- Aristazabal, N and A Gomes (2004), "Improving security without titles in Bogotá", *Habitat International* Vol 28, No 2.
- Azuela, A and E Duhau (1998), "Tenure regularization, private property and public order in Mexico", in E Fernandes and A Varley (editors), *Illegal Cities, Law and Urban Change in Developing Countries*, Zed Press, London, 284 pages.
- Banerjee, B (2002), "Background note prepared for the design of Kolkata Urban Services for the Poor Project (DFID)", mimeo, unpublished report to DFID.
- Banerjee, B (2004), "Maximizing the impact of tenure and infrastructure programmes on housing conditions: the case of slums in Indian cities", Paper presented at the International Conference on Adequate and Affordable Housing for All – Research, Policy, Practice, Toronto, June 24–27.
- Barbier, J (2006), "Programme de Restructuration des Quartiers Spontanés", PRQS Évaluation, mimeo, unpublished report.
- Bromley, D (2005), "The empty promises of formal titles: creating Potempkin villages in the tropics", University of Wisconsin–Madison, 11 pages.
- Buckley, R M and J Kalarickal (2006), "Land market issues: the mystery of capital revisited. Urban land policy – is titling the answer?", Chapter 3 in R M Buckley and J Kalarickal (editors), *Thirty Years of World Bank Shelter Lending: Directions in Development Infrastructure*, World Bank, Washington DC.
- Calderón Cockburn, J (2004), "The formalization of property in Peru 2001–2002: the case of Lima", *Habitat International* Vol 28, No 2, pages 289–300.
- Cantuarías, F and M Delgado (2004), "Peru's urban land titling programme", case study from "Reducing poverty, sustaining growth – what works, what doesn't and why?", Paper presented at the Scaling-up Poverty Reduction: A Global Learning Process and Conference, Shanghai, 25–27 May 2004, World Bank, Washington DC, 30 pages.
- CLEP – Commission on Legal Empowerment of the Poor (2006), Overview Paper, UNDP, New York, accessible at http://www.undp.org/legalempowerment/pdf/HLCLEP_Overview.pdf, page 14.
- Clichevsky, N (2003), "Pobreza y acceso al suelo urbano. Algunas interrogantes sobre las políticas de regularización en América Latina", United Nations and CEPAL, Santiago de Chile, December, 84 pages.
- Cousins, B, T Cousins, D Hornby, R Kingwill, L Royston and W Smit (2005), "Will formalizing property rights reduce poverty in South Africa's 'second economy'? Questioning the mythologies of Hernando de Soto", in Programme for Land and Agrarian Studies – PLAAS, "Debating land reform, natural resources and poverty", Policy Brief No 18, October.
- de Soto, Hernando (2000), *The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else*, Basic Books, New York, 275 pages.
- Deininger, K (2003), "Land policies for growth and poverty reduction", World Bank Policy Research Report, Washington DC.
- Deutsch, R (2006), "Beneficiary assessment of land title recipients under the Land Management and Administration Project (LMAP)", prepared for the Ministry of Land Management, Urban Planning and Construction, Phnom Penh, 70 pages.
- Dowall, D E (1998), "Making urban land markets work: issues and policy options", prepared for a seminar on "Strategy on Urban Development and Local Governments", World Bank, Washington DC.
- Durand-Lasserve, A (2006), "Market-driven evictions and displacements: implications for the perpetuation of informal settlements in developing cities", in M Huchzermeyer and A Karam (editors), *Informal Settlements. A Perpetual Challenge?*, University of Cape Town Press, pages 202–227.
- Durand-Lasserve, A and L Royston (2002), *Holding their Ground: Secure Land Tenure for the Urban Poor in Developing Countries*, Earthscan Publications, London, 264 pages.
- Durand-Lasserve, A, E Fernandes, G Payne and M Smolka (2002), "Secure tenure for the urban poor", *Civis, Learning from Cities* Issue 3, Cities Alliance, September.
- Feder, G and R Noronha (1989), "Land rights systems and agricultural development in sub-Saharan Africa", *World Bank Research Observer* Vol 2, No 2, page 164.
- Fernandes, E (2006), "Principles, bases and challenges of the national programme to support sustainable urban land regularization in Brazil", in M Huchzermeyer and A Karam (editors), *Informal Settlements. A Perpetual Challenge?* University of Cape Town Press.
- Field, E (2005), "Property rights and investment in urban slums", *Journal of European Economic Association* Vol 2, No 3, April–May, pages 279–290.
- Field, E and M Torrero (2006), "Do property titles increase credit access among the urban poor?", evidence from a nationwide titling programme, unpublished mimeo.
- Galiani, S and S Shargrotsky (2005), "Property rights for the poor: effects of land titling", Working Paper No 29, Stanford Centre for International Development, Stanford University.
- Gilbert, A G (2002), "On the mystery of capital and the myths of Hernando de Soto: what difference does legal title make?", *International Development Planning Review* 24, pages 1–20.
- Graglia, J M and E Panaritis (2002), "At the end of the beginning: the formalization of property rights in emerging markets", *Chazen Web Journal of International Business* Autumn 2002, Columbia Business School, New York.
- Gravois, J (2005), "The de Soto delusion", posted at <http://www.slate.com/Default.aspx?id=2112792&>.

- Ho, P and M Spoor (2006), "Whose land? The political economy of land titling in transitional economies", *Land Use Policy* Vol 23, pages 580–587.
- IIED (2006), "Local innovation in securing land rights in Africa: lessons from experience", Briefing Paper, IIED, London.
- Kagawa, A and J Turksra (2002), "The process of land tenure formalization in Peru", in G Payne (editor) (2002), *Land, Rights and Innovation: Improving Tenure Security for the Urban Poor*, ITDG Publishing, London, 331 pages.
- Kessides, C (1997), "World Bank experience with the provision of infrastructure services for the urban poor: preliminary identification and review of best practices", World Bank, Washington DC, January.
- Kironde, L (2006), "The regulatory framework, unplanned development and urban poverty: findings from Dar es Salaam, Tanzania", *Land Use Policy* Vol 23, Issue 4, pages 460–472.
- Land Equity (2006), "Land administration: indicators of success, future challenges", Land Equity International Pty Ltd, Wollongong, Australia.
- Lanjouw, J O and P I Levy (2002), "Untitled: a study of formal and informal property rights in urban Ecuador", *The Economic Journal* 112, October.
- Magigi, W and B B K Majaani (2006), "Community involvement in land regularization for informal settlements in Tanzania: a strategy for enhancing security of tenure in residential neighbourhoods", *Habitat International* Vol 30, pages 1066–1081.
- McAuslan, P (2005), "Urban land law in the Islamic Republic of Afghanistan", an Issues and Options Paper, mimeo, 2005:3.2.9, August.
- McAuslan, P (2006), "Legal pluralism as a policy option: is it desirable? Is it doable?", in CAPRI "Land rights for African development – from knowledge to action", CAPRI Policy Briefs.
- Mitchell, T (2006), "The properties of markets: informal housing and capitalism's mystery", Working Paper No 2, Cultural, Political Economy Working Paper Series, Institute for Advanced Studies in Social and Management Sciences, Lancaster University, 25 pages.
- Nkurunziza, E (2004), "Informal land delivery processes in Kampala, Uganda: summary of findings and policy implications", Informal Land Delivery Processes in African Cities, Policy Brief 5, International Development Department, University of Birmingham, www.idd.bham.ac.uk/research/researchprojs.htm.
- Payne, G (1997), *Urban Land Tenure and Property Rights in Developing Countries: A Review*, IT Publications/ODA, London, 73 pages.
- Rakodi, C and C Leduka (2004), "Informal land delivery processes and access to land for the poor: a comparative study of six African cities", Informal Land Delivery Processes in African Cities, Policy Brief 6, International Development Department, University of Birmingham, www.idd.bham.ac.uk/research/researchprojs.htm.
- Ramirez Corzo, D and G Riofrio (2005), "Land titling a path to urban inclusion? Policy and practice of the Peruvian model", Paper presented at the N-AERUS Conference, Barcelona, 15 September 2004.
- République du Sénégal – Agence Nationale chargée de la Promotion de l' Investissement et des Grands Travaux (APIX) (2006), "Élaboration du plan de restructuration des quartiers de Pikine Sud traversés par l'autoroute Dakar–Diamniadio. Tâche 1: analyse des interventions passées et actuelles. Rapport d'études", Urbaplan, Ingesahael, Senegal.
- Sims, D (2002), "What is secure tenure in Egypt?", in G Payne (editor) (2002), *Land, Rights and Innovation: Improving Tenure Security for the Urban Poor*, ITDG Publishing, London, 331 pages.
- Sukumaran, K (1999), "Hunted, hounded and homeless in Indore. A report of large-scale forced evictions", IPT Report, Indian People's Tribunal on Environment and Human Rights, New Delhi, April.
- UN–Habitat (2005a), "Land tenure, housing rights and gender – national and urban framework: Mexico", UN–Habitat, Nairobi.
- Woodruff, C (2001), "Review of the mystery of capital", *Journal of Economic Literature* Vol 39, April, pages 1215–1223.
- World Bank (2001), "Land, security, property rights and the urban poor: twenty-five years of World Bank experience", World Bank Briefing Note 8, Washington DC.
- World Bank (2004a), "Upgrading of low-income settlements in sub-Saharan Africa. Assessing the impact of formal and informal interventions", Draft, TF N° 024 943, World Bank, Washington DC, 128 pages.
- World Bank (2004b), "Regional study on land administration, land markets and collateralized lending. East Asia and Pacific region", World Bank, Washington DC, 64 pages.
- World Bank (2006), "Afghanistan", Urban Policy Notes Series 5.2, World Bank, Washington DC.