

Cost as a barrier to land tenure security for poor agricultural households: Willingness to pay for land certification in Uganda.

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Draft: August 2019

**Paper prepared for presentation at the 2019 Conference of Land Policy in
Africa,
November 25-29, 2019
Abidjan, Côte d'Ivoire**

Abstract¹

Formally registered property rights matter enormously for economic development as shown by a number of studies in sub-Saharan Africa (SSA). Land certification has been one of the major routes through which governments in the sub region have addressed the tenure security of agricultural households. However, while the effects of land certification on tenure security such as reducing land conflicts and fostering land markets are widely acknowledged, most of the literature fails to examine whether nationwide land certification is possible in a low income country setting. This paper examines agricultural household's willingness to pay for land certificates in Uganda. Using the Uganda National Household Survey—a nationally representative survey which collected information on the land tenure status of agricultural households, we find that willingness to pay for land certificates varies considerably by land tenure status as well as household socio-economic characteristics. Overall, the revealed willingness to pay is considerably much lower than the prevailing cost of acquiring a land certificate in Uganda. As such, any land reforms/policies that charges fees—at least at a cost recovery basis, would be unfavorable to poor agricultural households.

¹ This paper is part of wider study that examined the Poverty and Social Impact Analysis of the Uganda National Land Use Policy. The Author is indebted to Andrew Zietlin, for help in developing the methodology used in this paper; and Margaret Kakande, Rosseti Nayenga for their help in developing the PSIA project, and to the UNDP for financial support. Any errors and omissions are our own.

1.0 Introduction

Formally registered property rights matter enormously for economic development as shown by a number of studies in sub-Saharan Africa (Besley, 1995; Deininger and Ayalew, 2008). Land certification has been one of the major routes through which governments in the sub region have addressed the tenure security of agricultural households. For instance, the Ethiopian government launched a rural land registration scheme in 1998 and by 2005 the scheme had covered over 6 million households (Deininger *et al.*, 2007). Apart from certification reducing land conflicts, there is extensive evidence to show that land certification can spur the land markets (Baland *et al.*, 2007; Sadoulet *et al.*, 2001) as well as agricultural investment and productivity (Holden *et al.*, 2009).² However, while the effects of land certification on tenure security are widely acknowledged, most of the literature fails to examine whether nationwide land certification is possible in a low income country setting.³

Uganda is among the SSA countries that have initiated large scale land reforms in past 25 years. For instance, in 1998 the Government of Uganda (GoU) introduced a new land law which legalised certificates of occupancy for ownership under customary land tenure for the first time recognized the land rights of both tenants and landlords. The act also introduced a new form of land certificate—the certificate of customary tenure—in addition to the traditional land titles. The act also introduced new institutions of land administration—to increase the pace of land certification as well as spur land rental and sale markets. However, to date only a few a households have acquired any legally recognized land certificates. For instance, by 2015/16, only 21 % of households have any formal land certificate such as land title; certificate of customary ownership or occupancy (Uganda Bureau of Statistics, 2018). A number of reports highlight the cost of certification as one of the major reason for the low coverage of land certification across Uganda (GoU, 2003; Hunt, 2004; Deininger et al, 2008). In this paper, we empirically examine whether large scale land certification is possible in poor country like Uganda. In particular, we examine a household's willingness to pay for land certification. Uganda is a good case study given the country's overlapping land rights—i.e. the recognition of private ownership as well as customary ownership of land and the fact that most land owners in the country do not have any formal registration of their interests on the land as earlier mentioned.

² For example, Deininger et al. (2007) found that the rapid process of expanding rural land certificates in Ethiopia led to equitable increases in tenure security. Similarly, Andrea and Platteu (1998) based on a case study of Rwanda found that the individualization of land rights facilitated land transactions.

³ Jacoby and Minten (2007) is among the few African studies that examine the cost effectiveness of land certification—for Madagascar.

Using the 2005/06 Uganda National Household Survey—a nationally representative survey which collected information on the land tenure status of agricultural households, we find that willingness to pay for land certificates varies considerably by land tenure status as well as household socio-economic characteristics. In particular, only about 40% of households would be willing to pay UGX 40,000 per acre (US\$ 20) to acquire a *mailo* land certificate (the most secure form of tenure in Uganda) compared to only 10% for households with parcels under customary tenure. Less than 10% of the poorest households express willingness to pay at least UGX 20,000 per acre (US\$10) for a customary land certificate of occupancy. Overall, the revealed willingness to pay is considerably much lower than the prevailing cost of acquiring a land certificate in Uganda—an average of about UGX 1,500,000 (US\$ 750). As such, any land reforms/policies that charges fees—at least at a cost recovery basis, would significantly disfavour poor agricultural households.

The rest of the paper is organised as follows. First, we provide a brief historical narrative of land rights in Uganda. This is followed by the description of the methods used in the analysis in section three. The results follow in section four while the conclusions and implications appear in section five.

2. Background on land issues in Uganda

Uganda's history of land administration and management dates back to the colonial era when the British colonial masters allocated large chunks of land to absentee landlords mainly in *Buganda* (Bret, 1973). Prior to that, land was owned by the kings and inhabitants who were allocated land by chiefs on behalf of the kings. The 1900 agreement between the king of the *Baganda* and the colonial settlers gave the king and his notables land in both *Buganda* and neighboring *Bunyoro* Kingdom. As a consequence of the agreement, all previous occupants of the land who did not acquire any ownership rights became squatters on the *mailo* land.⁴ The rest of the land was taken as crown land managed by the British protectorate government. It was not until 1928 that the rights of squatters were recognized through the *Busulu* and *Envujo* law. From then on, tenants on *mailo* land had rights to transfer ownerships of tenancy rights as long as they paid the annual rent—*obusulu* to the landlords.

After the 1900 agreement, the following systems of tenure were recognized in Uganda: *mailo* land; customary land—land owned and used by the community collectively; freehold land—land provided by the protectorate government free to individuals and other institutions e.g. religious

⁴ This form of tenure provided land ownership in perpetuity.

bodies to construct schools and hospitals; and leasehold land—land acquired from both government or individuals but only for limited duration—usually 49 or 99 years.

At the time of independence in 1962, Uganda inherited from the colonial government the challenge of ‘absentee landlords’—an issue that has had serious political consequences for the country over the past four decades (Bret, 1973).⁵ This colonial legacy has ensured that land issues have remained a point of contention in the politics of Uganda. Indeed, during the era of political upheavals in Uganda in the 1970s, the government passed the 1975 *Land Decree*—which essentially nationalized all *mailo* and freehold land.⁶ It was not until the new constitution was promulgated in 1995 that *mailo* land ownership was formally reinstated. Nonetheless, the new constitution did not address the tenure security of land tenants/squatters; instead, the constitution set a deadline of three years by which government was supposed to come up with a new land law to secure the rights of tenants/squatters.

The 1998 *Land Act* was a result of both the above constitution provision as well as the wider debate on land rights in Uganda. The main tenets of the Act included: recognition of the rights of *bona fide* occupants, establishing new institutions of land administration at the local government (LG) level⁷; the establishment of a land fund⁸; and the setting of a nominal fee for ground rent for individuals utilising land without ownership rights (GoU, 1998). For instance, the Act recognised the rights of *bona fide* occupants of land, if they were continuously occupying the land for 12 years prior to the act.⁹ In addition, it created avenues for formalising land occupancy through giving the first rights to purchase a particular parcel to the sitting occupant/tenant. Furthermore, the law established the mechanisms for acquiring land certificates—either land titles for individuals acquiring *mailo*, freehold or leasehold land, and certificates of occupancy—for individuals on customary land.¹⁰ The land fund was to be used to purchase land from ‘absentee’ landlords.

⁵ Specifically, the colonial government allocated large parts of western Uganda to individuals in central Uganda—due to their support for the protectorate government. As such members of the royal family in Buganda and other notables received land title to land that was already occupied and as such the ‘new owners’ never settled or developed the land. Given that the absentee landlords were in most cases offered *mailo* land titles (i.e. land held in perpetuity), the previous owners of the land became squatters and could not formalise or transfer land rights without the consent of the land lords.

⁶ However, as highlighted by Hunt (2004) both landlords and land administrators ignored the implementation of the decree.

⁷ The new land administration institutions were: the district land boards, district land tribunals and area land committees.

⁸ A fund provided for by the 1998 Land Act to compensate absentee landlords and resettle vulnerable groups that are landless.

⁹ Henceforth, *bona fide* occupants could not be evicted by the landlord without compensation.

¹⁰ Overall, despite the attempts to put right various historical land injustices, implementation of the Act was plagued by a number of challenges. According to Hunt (2004), these included: the underestimation of the costs of setting up and running the various land institutions; the presence of overlapping land rights did not confer incentives to tenants to invest on land; and most importantly, the failure to recognize the rights of third parties such as credit institutions in land

The new land administration institutions such as the District Land Boards were mandated with set the fees charged for formalising land rights. The costs set for acquiring land certificates ranged from UGX 300,000 (US\$ 165) per acre of land to UGX 770,000 (US\$450) per acre. However, the eventually cost paid varied considerably depending the level of development of land administration offices in the LG and how far the applicant was from Kampala—the capital city where land transactions were finalised.¹¹

Given the varying nature of tenure status in Uganda, it is not surprising that formalisation of land rights remains critical for investments on land as well as overall agricultural productivity. As earlier mentioned, the 1998 Land Act recognized the rights of *mailo* landlords as well as tenants on the same piece of land. Deininger and Ayalew (2008) investigated how the above situation impacts on land investments—particularly investments in tree crops. Using the 2005/06 Uganda National Household Survey, they found that uncertainties faced by tenants of *mailo* land not only reduce investments in trees but also investments in soil conservation and agricultural productivity. Furthermore, majority of tenants of *mailo* land express willingness to pay and acquire overall rights of the land they occupy at market rates.

3.0 Methods

This case study uses both qualitative and quantitative methods in order to examine household's willingness to pay to formalize land rights. First, a qualitative survey was undertaken in 2007 in 8 districts of Uganda. The eight districts were selected based on the following criteria: (a) areas of high density/land fragmentation problem—*Kabale* district; (b) communal land ownership—*Nebbi* District; (c) modern farming practices—*Bushenyi* and *Kapchrowa* districts; (d) diverse systems of land ownership—*Mubende* and *Wakiso* districts; and finally, (e) rangelands—*Nakapiripiti* and *Nakasongola* districts (see appendix for a map of Uganda).¹²

At each district, key stakeholder interviews were conducted with the following officials: district chairpersons (LCV), Resident District Commissioners (RDCs); district head of technical staff

disputes. Consequently, the GoU has made a number of amendments to the Land Act such as the 1999 amendment and 2009 amendment—which heavily restricted land evictions of tenants/squatters.

¹¹ The setting up of District Land Boards was not uniform with some LG quickly setting up offices while other LG took quite sometime (over 5 years) due to lack of capacity and funds to manage District Land Boards. Furthermore, formalising land rights on the national grid is centralised in Entebbe—about 40kms from Kampala the capital city.

¹² However, due to insecurity concerns at the time of conducting the qualitative survey, the district of *Nakapiripiti* in Northern Eastern Uganda (*Karamoja* sub region) was replaced with the district of *Katakwi* (Eastern Uganda).

(Chief Administrative Officer); technical officers from the district land office; district land board members; judicial officers (Magistrate and Registrars); sub county chairpersons (LC III), sub county area land committee members (ARC), local leaders (LC II and LC I) in addition to holding focus group discussions (FDGs) in 16 communities (2 per district). Based on semi-structured questionnaires, information was collected on the understanding of land regulations, tenure systems in the districts, land use patterns and management, extent of land fragmentation, frequency and nature of land conflicts, and most important—the process and costs of registering land rights.

The quantitative analysis is based on the analysis of the 2005/06 Uganda National Household Survey (UNHS) conducted by the Ugandan Bureau of Statistics (UBoS). This is a multi-topic survey designed along the lines of the World Bank's living standards measurement surveys. The 2005/06 UNHS was based on the two stage stratified random sampling. In the first stage, the principal sampling unit was the Enumeration Area (EA) based on the 2002 census as the sampling frame. In the second stage, households were the main sampling units, with 10 households being randomly selected from each EA. Equally important, the sample size is large—at least 7,427 households were covered. This extensive coverage ensured that the data are also representative at the regional level and also allows for detailed analysis for rural areas. The survey also has an agricultural module that captured land holdings and agricultural activities for all households with an agricultural enterprise (at least 5,790 households or 78% of the sampled household responded to the agricultural questionnaire).

The agricultural survey provides a rich set of enterprise information at the household. With regard to land indicators, the agricultural module provides detailed information on current land holdings i.e. where a household has either ownership rights or has access through use rights. The detailed information collected on current land holdings included: the size of the parcel in acres; the system of tenure; and the method of acquiring the parcel, as well as the tenure length for every parcel identified. Furthermore, the survey also captured information relating to the registration of land rights. Specifically, the survey inquired whether a household had a formal title or either certificate of customary ownership or occupancy. Also, there were questions probing whether a hard copy of land certificate exists—for households who indicate having documentary rights to a land parcel. For households without any document, the survey inquired whether they are willing to acquire formal registration and at what price.

For the quantitative analysis in this paper, we consider the nature of land use in Uganda as well as the extent of land rights formalization. For households without any formal land rights, we relate key

households characteristics to the cumulative distribution of household's willingness to pay (WTP) to formalize land rights. Specifically, for each category of households expressing willingness to pay to acquire land certificates, we calculate the cumulative distribution of the price households are willing to pay. Below, we explain how the distributions for WTP for land certificates are estimated and used.

If we consider a vector y of expressed prices households are willing to pay to acquire land formalization—ranked in increasing order such that

$$y_1 < y_2 < \dots < y_n$$

Also for simplicity, if we assume that the relative household weight is given by

$$(1) \quad \phi_i = \frac{1}{n} \forall i$$

Then, if we let $P_i = F(y_i)$ be the proportion of households in the sample who express willingness to pay a price that is less than or equal to y_i :

$$(2) \quad P_i = \frac{1}{n}$$

$F(y_i)$ is the cumulative distribution function of distribution of household's expressed willingness to pay to formalize land tenure status and this is what is estimated. In particular, we estimate the distributions for key household characteristics based on the tenure status i.e. *mailo*, customary, freehold or leasehold tenure. The key household characteristics considered include: welfare/poverty status; size of land holdings; and spatial location i.e. whether located in urban or rural areas. In the analysis, we triangulate some of our quantitative estimates with the results from the qualitative survey conducted in the 8 districts.

4.0 Results

4.1 The process and costs of land formalization.

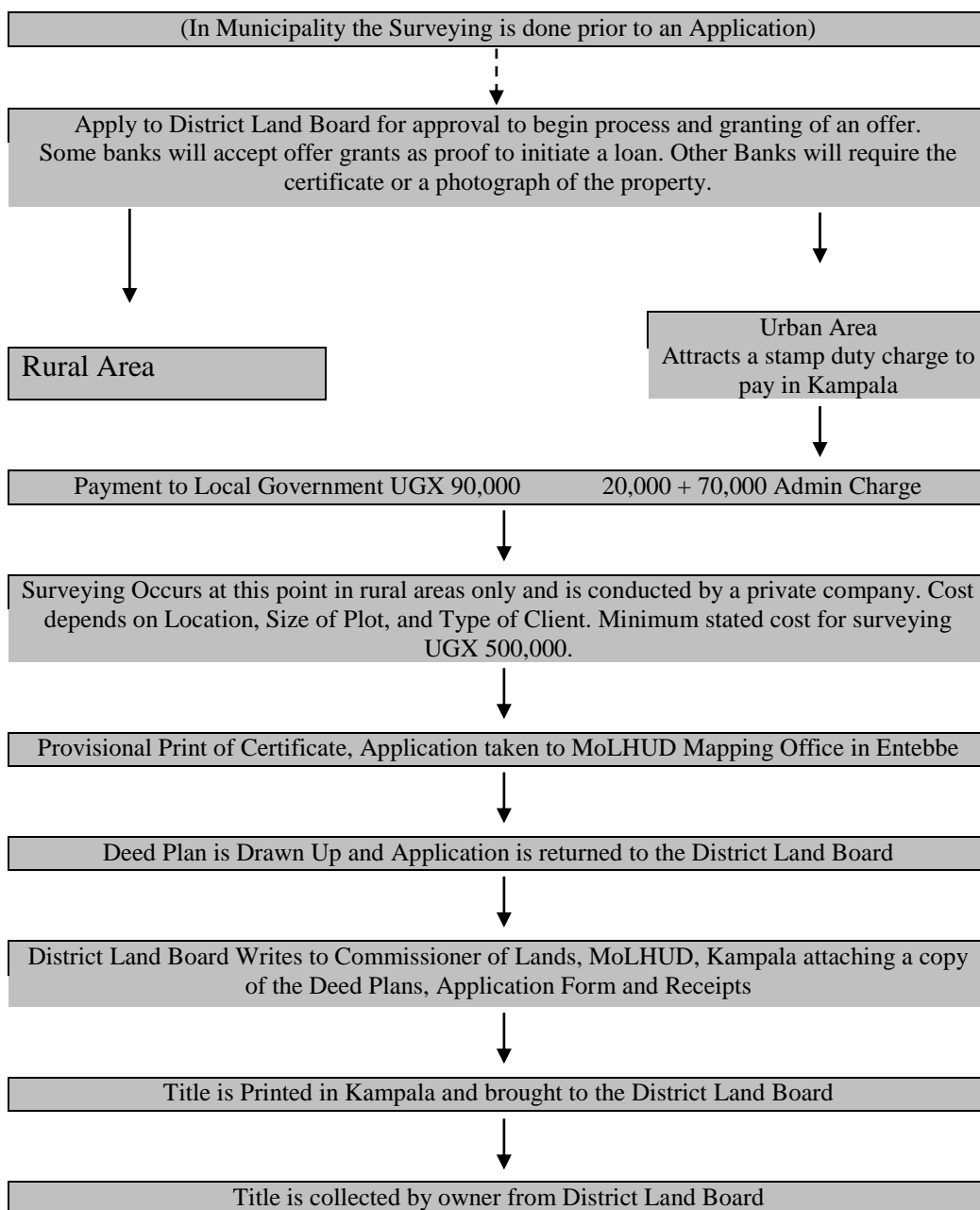
The process of registering legal interest in land is a long and expensive undertaking—out of reach to majority of small scale agricultural households. The first action when an individual wants to acquire a land title to pay an application fee to the district cash office. After payment of the requisite fee, an application form is issued which has to be endorsed by a qualified surveyor. At the same time the district land officer writes to the ALC at the sub county requesting for an inspection of the land to be registered.

After the ALC confirms that there are no disputes on the land, they recommend the approval of land application to the DLB. If the DLB makes an offer, the applicant can proceed to acquire the services of a surveyor to survey the land. The surveyor makes a report and forwards it to the regional land

office and the regional land office subsequently forwards the report to the department of land and survey to have the land located at the national grid. After completing the formalities at the Department of Lands in Entebbe, the individual can proceed to acquire the land title from the Ministry of Lands Housing and Urban Development. It can take as much as 3 years from the time of initiating the process up to acquiring the land title. Box 1 provides an example of a systematic flow of land documentation in one of our survey district—*Bushenyi*. Put simply, the process map reveals that documents are sent back and forth between LGs and Kampala/Entebbe offices. This movement of documents to and fro the capital is to do with both bureaucracy and inadequate information.¹³

¹³ However, the above process is fraught with a number of challenges. First, the services of surveyors were privatized in 1992; consequently, surveying costs depend on: the qualification and experience of the surveyor employed to do the work, the size of land to be demarcated, and the location where the surveyor is sourced—most surveyors are located in major town and the capital Kampala.

Box 1: Process Map of Land Title/Surveying in Bushenyi district



Source: Bushenyi District Land Office, 2007

Given the numerous offices involved in registering land, the costs also vary widely (refer to Table 1). Although, the application fee is only UGX 20,000, the fees charged for inspection by the ALC range between UGX 100,000-250,000 depending on the location of the land to be surveyed. On the other hand, the minimum surveying fee is UGX 350,000 while some surveyors charge UGX 30,000 per acre of surveyed land.¹⁴ After the DLB has offered land to an individual, he or she is supposed to pay a conveyance fee of UGX 70,000. On the other hand, the official cost of acquiring a land title tile at the ministry is UGX 80,000. In areas where land is highly fragmented, most cultivation

¹⁴ At the time of conducting the fieldwork, 1USD was equivalent to UGX 2,000.

undertaken on small pieces of land as is the case in *Kabale* district, and land titles are an exception rather than the rule¹⁵. In this district, titles are perceived as inconsequential since households hold small pieces of land in different areas; consequently, it would be costly to acquire titles for such small pieces of land.

¹⁵ Land fragmentation is the practice of parceling land into small pieces—a process mainly driven by the cultural practices of dividing land among off-springs.

Table 1: Costs of Land Administration

Location	District	Area Land Committee	Surveyors/Valuers	Ministry of Lands
District Land Officer- Nakasongola	-Conveyance fees 70,000 -Ground rent 10,000 p.a -Opening boundaries 20,000 -Application fees 20,000	-Inspection fees 25,000 -Transportation fees min 5,000 per member	-Surveying fees 350,000 min	-Title fees 80,000
Kyamuyingo FDG	-Application fees 20,000	-Inspection fees 250,000	-Surveying fees 30,000 per acre	
Kalongo Sub County		-Inspection fees 5,000 per member		
LC V-Nebbi	-Application fee 30,000			
Land Officer Nebbi			-Survey fees 500,000-700,000 depending on whether the surveyor is sourced from Kampala or Arua	
District Surveyor-Wakiso			-Checking fees Shs 5,000 -Each mark stone costs Shs 500 -Deed plan Shs 2,500	
Katabi FDG	-Mutation forms Shs 20,000 to Shs 30,000 -Search fees Shs 10,000 -Transfer forms shs 5,000. -Site plan/working print Shs 10,000. -Registration fees Shs 10,000 -Approval by district surveyor Shs 3,500 -Fees for cartography print Shs 10,000	(For public land) -Application fees Ushs 30,000-50,000 -Inspection fees by ALC Ushs 50,000.	-Surveying fees Shs 150,000- 200,000	-Land transfer fees— 1% of the cost price -Land title registration fees Ushs 10,000 -Fee for land title Ushs 20,000.
District Land Officer Bushenyi	-Application fee Ushs 20,000. -Administration fee Ushs 70,000		-Surveying fees Ushs 500,000 (minimum)	
District Land Officer Kabale			-Surveying fees Ushs 400,000 (minimum) -The district's hilly terrain renders surveying a very expensive exercise.	
District Physical Planner Kapchorwa	Up to 1 million shillings for obtaining a land title.			

4.2 Land Tenure status in Uganda

First, we describe key indicators of land ownership and use in Uganda. Table 2 shows the average household landholding in 2005/06. Column 1 shows the average landholding for all sampled households while columns 2-5 shows the distribution of landholdings by tenure type. It is indicated that on average a household owns 4 acres of land. In terms of distribution, customary land parcels are the most prevalent (an average of 2.8 acres). On the other hand, households report the least ownership of freehold and leasehold land (about 0.2 acres). Indeed, customary tenure is the most dominant system with at least 73% of the household land owned under this system.

Table 2: Household ownership of land by tenure status, acres

	All	Type of tenure			
		Freehold	Leasehold	Mailo	Customary
All	4.07	0.23	0.21	0.77	2.84
Female Headed Households	2.92	0.17	0.17	0.63	1.94
Urban	5.51	0.16	2.02	0.68	2.63
Rural	3.97	0.24	0.08	0.77	2.85
<i>Regions</i>					
Central	4.27	0.07	0.74	3.19	0.19
Eastern	3.46	0.13	0.01	0.01	3.31
Northern	4.04	0.03	0.05	0.00	3.96
Western	4.51	0.62	0.07	0.02	3.78
<i>Quintiles</i>					
1	2.79	0.08	0.02	0.24	2.44
2	3.44	0.13	0.04	0.55	2.71
3	3.72	0.21	0.07	0.86	2.52
4	4.47	0.32	0.08	0.93	3.10
5	7.45	0.61	1.27	1.67	3.88

Source: Author's calculations from the 2005/06 UNHS

Based on spatial location, Table 2 shows that urban households report holding more land on average. Indeed, the average landholding in urban areas is about 40 % higher than rural areas. This particular fact may be partly explained by the large incomes received by urban households as well as better access to credit facilities in urban areas.

With regard to regions, Eastern Uganda faces the highest land pressures with the average land holdings in the region being 17% below the national average.¹⁶ On the other hand, Western Uganda has the largest tracts of land under the freehold while Central Uganda has the highest average holding of leasehold parcels. Other results worth mentioning include the fact there is hardly any *mailo* land ownership in Northern Uganda and this is attributed to the colonial legacy described in section 2 which resulted into a nearly exclusive customary mode of land ownership.

Landholding by household status on the income distribution also shows very wide disparities. As expected, households in the top quintile own more land on average, the difference with the bottom quintile is quite large. For example, average total land holding for the top quintile is about 7.4 acres compared to 2.8 acres for the bottom quintile. This may be partly explained by the higher than average ownership of leasehold parcels among the top quintile. Also, households in the top quintile on average own more freehold and *mailo* land parcels than the poorest households.

4.3 Household use rights

Apart from land owned by the household, some households report having land with only use rights. Table 3 shows the distribution of land where the household has only use rights. Although most of the rights to use land were acquired through an agreement with the landlord, a substantial proportion is also acquired without any agreement suggesting incidences of encroachments. At least 20% of the use rights are acquired without agreement. Table 3 shows that the primary use of land with only use rights is similar to that with overall land owned by the household with cultivation accounting for two thirds of primary use. The duration of use rights on parcels where the household has no agreement is about 4 years, on average. Nonetheless, ownerships of use rights are longest for land acquired using other methods such as inheritance (10.2 years).

¹⁶ Previous studies show that high birth rates in Eastern Uganda coupled with cultural practices of land fragmentation are partly to blame for the lower than average land holdings in this particular region (UPPAP I, 2000; UPPAP II, 2002).

For parcels with only use rights, the survey also inquires whether the household head is required to renew the use rights each year. Table 3 indicates that at least 77 % of the households with an agreement with the landlord are required to renew the rights every year compared to the rate of only 18% for households who acquired the rights using other methods.

Table 3: Household Land Indicators for Parcels with only use rights, 2005/06

	Method of acquisition of use rights			Row Total
	Agreement with Landlord	Without Agreement	Other Methods of acquisition	
<i>Tenure Status</i>				
Freehold	73.2	19.5	7.3	(100)
Leasehold	60	25.9	14.1	(100)
Mailo	38.7	25.6	35.7	(100)
Customary	74.6	18.8	6.5	(100)
<i>Primary Use of Land</i>				
Own cultivated (annual crops)	66.6	20.7	12.6	(100)
Own cultivated (Perennial crops)	28.3	23.3	48.5	(100)
Fallow	66.1	19.3	14.6	(100)
Other use	73.7	18	8.3	(100)
Average duration with use rights (years)	2.4	3.9	10.2	
Willingness to purchase ownership rights (%)	35.9	29.5	52.3	
Average price willing to pay (Ushs)	1,270,281	2,993,750	2,130,657	
Requirement to renew rights every year (%)	76.6	-	17.6	
Selling of use rights (Ushs)	377,182	369,224	2,222,064	

Source: Author's calculations from the 2005/06 UNHS

Notes: Other methods include inheritance or gifts from relations

Other use include: sub contracted out, grazing land, and wood lot

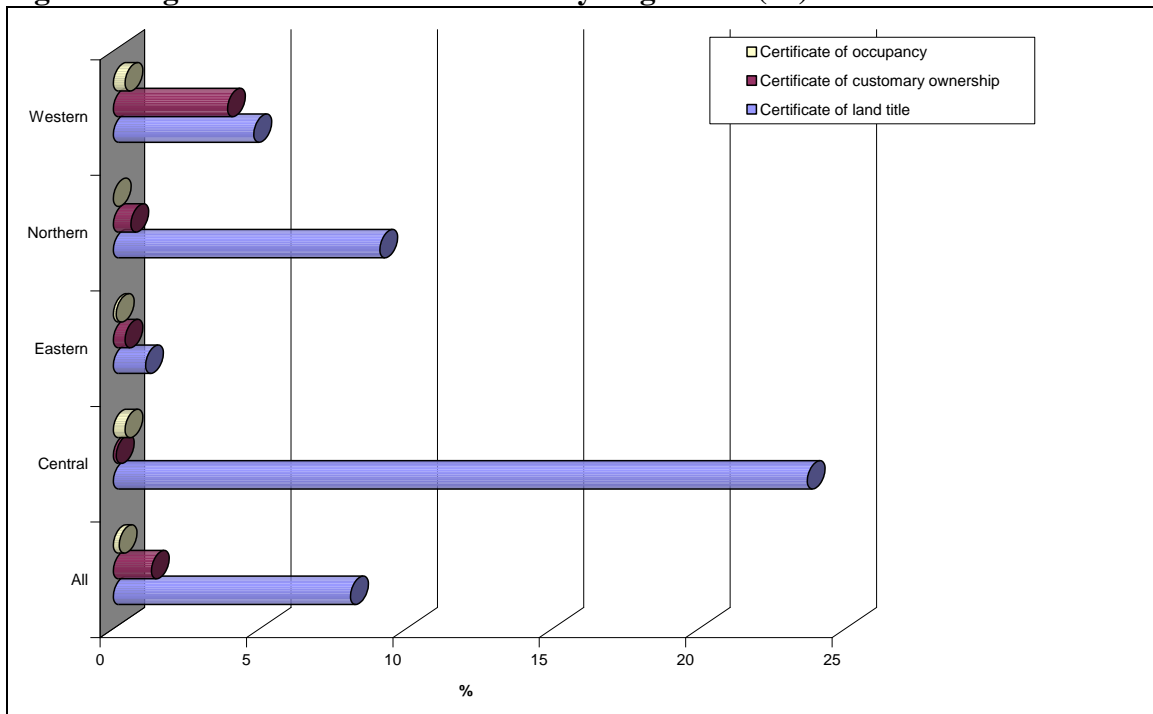
Furthermore, the survey inquires from the household the price they are willing to pay to purchase ownership rights for the parcel as well as the price they are willing to accept to relinquish the use rights. The table indicates that households without any agreement are willing to pay more to acquire ownership—at an average price of about UGX 3 million (US\$1,730). On the other hand, households are willing to accept much less to transfer the use rights, with the exception for land acquired through other methods. In particular, households with an agreement with the landlord are willing to accept an average of UGX 380,000 (US\$ 225) to relinquish claims on land.

4.4 Extent of Formal Land Registration

One of the key challenges highlighted in the current land law in Uganda is the failure to achieve substantial growth in the amount of land formally registered. In Table 6 we

examine the extent of land registration, the presence of hard copy certificates as well as household's willingness to pay for documentary rights. The second and third columns of Table 4 show that only about 5% of the land in Uganda is registered and issued with a formal certificate. Furthermore, there are not only wide divergences in land certification between rural and urban households but also across geographical regions. Indeed, only 4.4% of rural households have some form of certification compared to 17.5% for urban households. Disparities in land certification are widest at the regional level with central region having at least 17% of the land surveyed with land certificates followed by 4.2% for Western Uganda. Indeed, one can conclude that land certification in Uganda is relevant for households in Central Uganda and to a limited extent western Uganda. The rates based on the actual size of land show that at least 24% of the land owned in central Uganda has land titles compared to only 1% in Eastern Uganda, 9% in Northern Uganda and 5 % in Western Uganda (Figure 1).

Figure 1: Uganda: Share of Land Formally Registered (%)



The above results can be partly explained by the historical divisions created in land administration by the British colonial governments which resulted in large parts of central

Uganda being surveyed and mapped using public funds to the exclusion of other regions which did not get the opportunity. In addition, the above results suggest that there is limited access to credit facilities due to lack of certificates—given the preference by financial institutions for land and other infrastructure—as collateral for bank loans. Finally, given previous studies that show that land transactions are widespread in Uganda (e.g. Place *et al.* 2006), if this is the case, then the results in Table 4 indicate that land markets are poorly developed to extent that they rely on informal methods of land transfers.

When we consider the prevalence of land certificates by welfare status, Table 4 shows that it is the richer households that have land certificates. Partly, this suggests that the price of land registration could be a key constraint to certification as well as limited knowledge among poor households of land valuation—especially the increase in value after certification. On the other hand, only about half of the households with land certificates actually do have copies of the same. This may be partly explained by the different rights held by households with regards to transfer and use of land. As shown in Table 4, some household heads do not have the rights to transfer ownership of land without the consent of the extended family.

The survey also inquires from households without any formal document, their willingness to acquire either land title or certificates of customary ownership or occupancy. Columns E and F of Table 4 show that about 64% of households without any formal documentation are willing to acquire either titles or certificates. Preference for titles is highest among households in Central Uganda (74%) and least in Eastern Uganda (18%). Household in Eastern Uganda predominantly prefer certificates of customary ownership (46%). This particular result may be attributed to the predominance of customary land in Eastern Uganda—for which you cannot easily get a formal title. By tenure status, column E shows that preference for land titles is highest among households with freehold ownerships (85%) and least as expected among customary land occupants (30%). Also worth noting is the fact that a substantial proportion of households do not express any interest in acquiring any formal land registration (Column G). Overall, at least 36% of the

household do not want any documents and this proportion is highest among households from the bottom quintile (47%). This apathy towards land registration may be linked to fears of land grabbing by powerful individuals once land is formally registered.

Table 4: Extent of Land Registration in Uganda, 2005/06

	Proportion of households with a formal certificate issued by government authorities (%)				Household having a hard copy of certificate (D)	For households without any document, willingness to obtain a certificate (%)				Willingness to pay for it (H)	Price per acre (Ushs) (I)
	Title		No document			Title		None			
	(A)	Customary ownership or occupancy (B)	(C)	Row total		(E)	Customary ownership or occupancy (F)	(G)	Row Total		
All Households	3.9	1.2	94.9	100	54.5	38.4	25.2	36.4	100.0	82.5	102,654
Female Headed households	4.7	1.6	93.7	100	51.1	33.7	19.4	46.9	100.0	76.1	95,048
Rural	3.3	1.1	95.6	100	48.9	37.6	25.4	37.1	100.0	82.2	92,633
Urban	14.1	3.4	82.5	100	78.1	55.9	21.8	22.4	100.0	87.9	365,871
Regions											
Central	15.6	1.3	83.2	100	50.6	73.6	4.8	21.6	100.0	84.9	248,670
Eastern	0.9	0.8	98.2	100	56.1	18.0	46.3	35.7	100.0	85.9	67,931
Northern	1.6	0.8	97.6	100	64.5	40.2	19.3	40.6	100.0	86.4	48,040
Western	2.4	1.8	95.8	100	57.3	41.0	19.0	40.0	100.0	75.9	87,671
Quintiles											
1	0.9	1.3	97.8	100	44.2	27.7	25.5	46.8	100.0	79.6	50,797
2	1.4	1.0	97.6	100	56	34.8	26.7	38.5	100.0	79.3	62,043
3	3.7	1.5	94.9	100	27.7	40.6	24.8	34.6	100.0	80.5	107,206
4	3.7	0.9	95.5	100	57.4	42.3	26.0	31.7	100.0	83.4	129,096
5	13.3	1.7	85.1	100	68.5	53.7	21.1	25.3	100.0	92.6	195,975
Tenure status											
Freehold	10.0	2.3	87.7	100	60.3	84.9	3.2	11.9	100.0	83.4	62,976
Mailo	16.6	1.2	82.2	100	50.4	75.4	3.5	21.1	100.0	84.9	264,036
Customary	1.0	1.2	97.9	100	52.4	30.1	29.7	40.2	100.0	81.9	70,897
Other types*	20.3	2.3	77.4	100	84.9	75.6	13.6	10.8	100.0	87.4	155,466

Source: Author's calculations from the 2005/06 survey

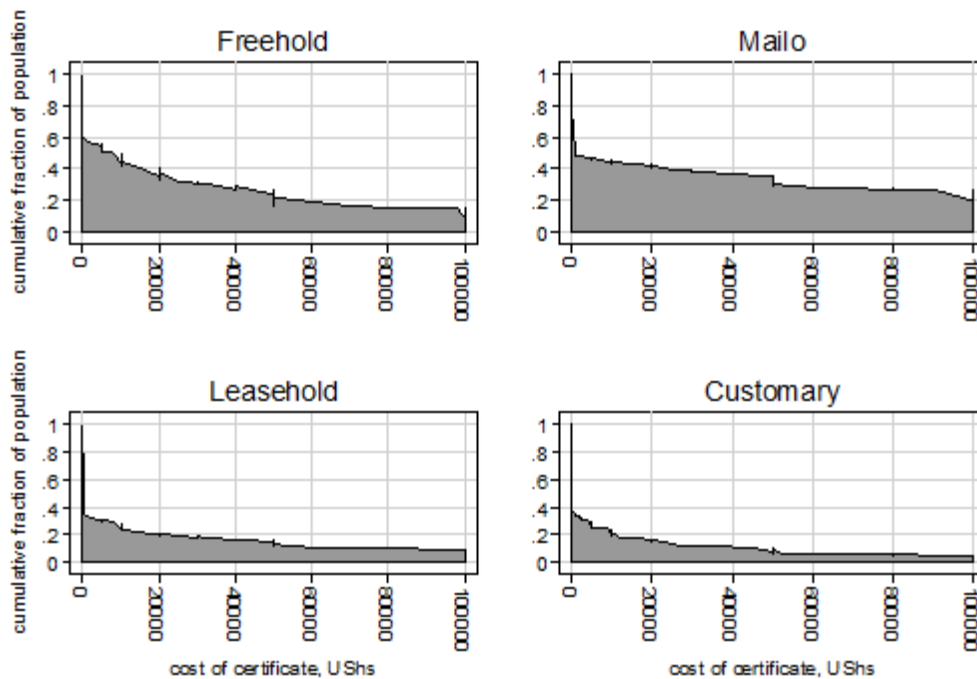
Notes: Other types* includes leasehold

4.5 Willingness-to-pay for land certification

As highlighted in section 4.1, the costs of registration of land ownership vary widely in Uganda and this has implications for the functioning of land sales and rental markets. Consequently, we examine household's willingness to pay (WTP) for land certificates since this affects policy proposals of offering of land certificates on a cost-recovery basis. Although some caution is required when interpreting responses to such hypothetical questions, WTP data provides some insight into the demand for certification of tenure.

Figure 2 presents the cumulative distribution of this WTP measure across tenure types as described in equation 2. Each panel shows, for the relevant form of tenure, the fraction of respondents who state that they would be willing to pay an amount equal to or greater than the specified cost. Thus it is evident that stated willingness to pay for certification of tenure is generally higher on freehold and *mailo* land. For example, whereas approximately 40% of respondents on *mailo* land would be willing to pay UGX 40,000 for certification of tenure, only approximately 10% of those using land under customary tenure expressed willingness to pay for certification of their rights at that cost. This suggests that there is less willingness to pay for certificates of customary occupancy compared to other forms of tenure. However, it should be borne in mind that the expressed willingness to pay may differ systematically from the realized participation in a particular program.

Figure 2: Willingness to pay for certificate of use or ownership right



Source: UNHS 2005/06

Furthermore, we examine correlations between WTP and other parcel and occupant characteristics. First, we compare the willingness to pay between urban and rural households as this can reveal the collateral potential of land certification. As indicated in Figure 3, urban households as expected express a considerably much higher willingness to pay for land certification. Specifically, 40 % of urban households express willingness to pay at least UGX 50,000 for either freehold or *mailo* certificates. Only 20 % of urban households express willingness to pay UGX 50,000 for customary land certificates. On the other hand, only 20% of rural households express willingness to pay UGX 50,000 for either freehold or *mailo* certificates. Furthermore, only 10 % of rural households are willing to pay UGX 40,000 for either customary or leasehold certificates. In summary, urban households are willing to pay more to acquire land certificates—especially for *mailo* land and this may be partly linked to easy with which urban land can be used as collateral compared to land in rural areas.

Related, we examine how willingness to pay for certificates varies by size of the land parcels as larger parcel also can be used easily for credit purposes. Figure 4 shows

how willingness to pay varies by the following categories: small parcels (less than 0.75 acres); medium size parcels (between 0.75 and 2.6 acres); and large parcels (greater than 2.6 acres). For the small parcels, about 20 % of households express willingness to pay UGX 20,000 for land certificates. Only half express willingness to pay the same amount for either customary or leasehold parcels. The graphs for medium and large size parcel confirm that the desire to acquire certificates to use as collateral is a key determinant of the amount households are willing to pay.

Finally, we examine how pro-poorness land certification at cost recovery basis by contrasting the willingness to pay for the bottom and top quintiles of the household welfare distribution. Figure 5 shows that poor households express a much lower willingness to pay compared to the well-to-do households. Less than 10% of the poorest households express willingness to pay at least UGX 20,000 for customary land—the most dominant form of tenure for this category. Given, that the prevailing administration fees are much more than UGX 20,000 (See section 4.1), the above results suggest that the limited means of the poor restrict their ability to benefit from any land formalization schemes. Overall, the above stated prices are considerably much lower than the actual prices prevailing in the land market. The qualitative consultations revealed that the total registration fees can go up to UGX 1.5 million (see section 4.1). As such, any policies that charges fees—at least at cost recovery basis, would significantly disfavours poor households.

Figure 3: Willingness to pay for land certificates by Urban and Rural households

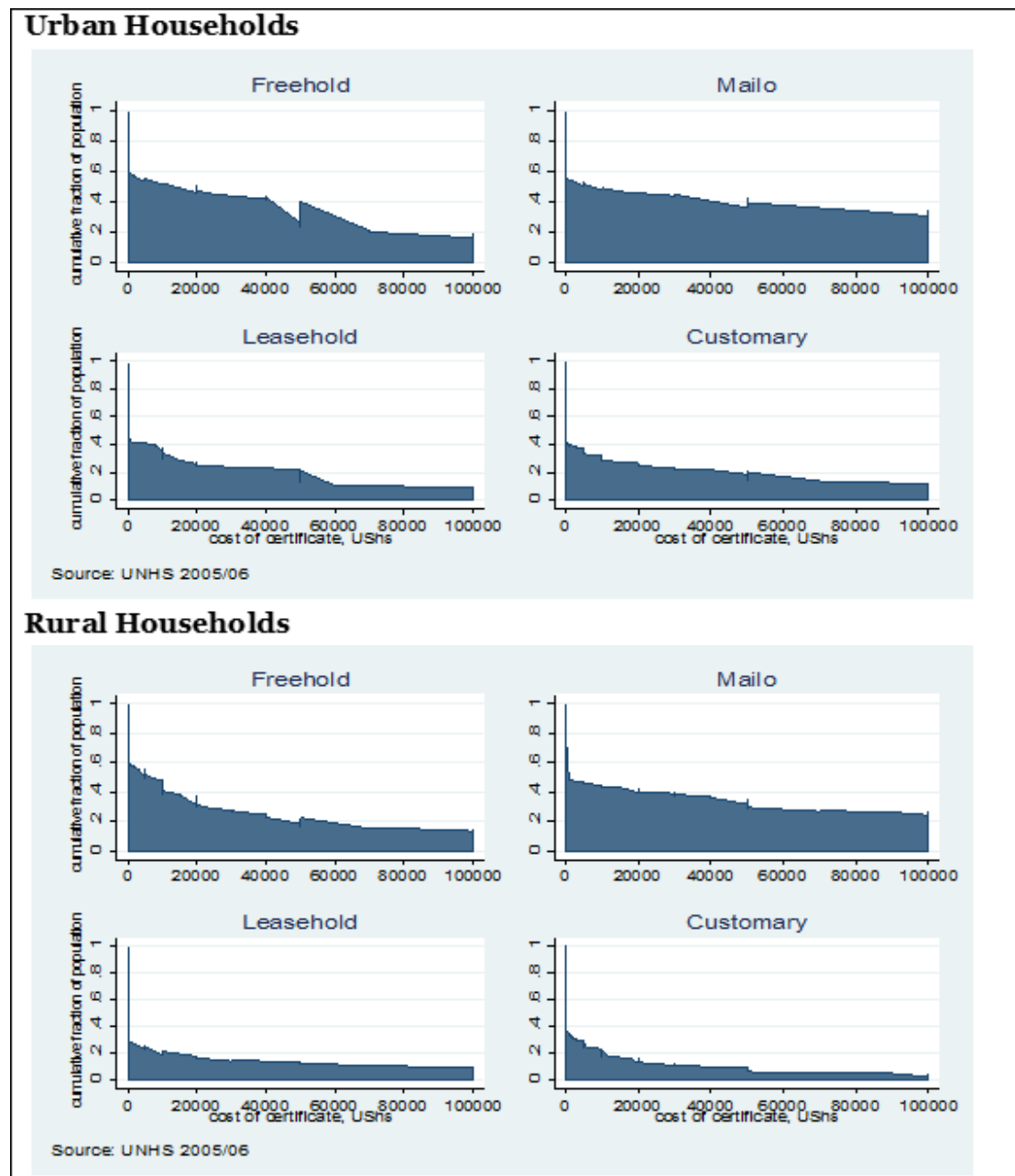
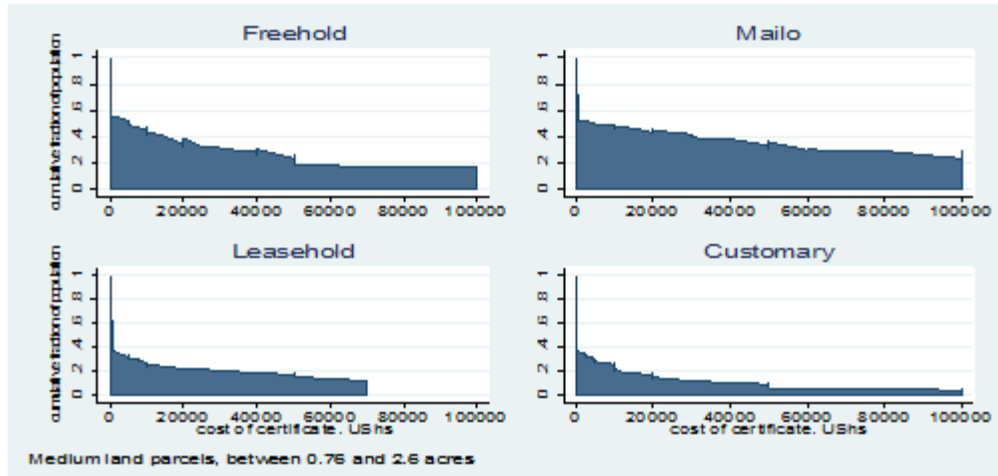


Figure 4: Willingness to pay for land certificates by parcel size

Small Parcels (<0.76 acres)



Medium Parcels (0.75<acres<2.6)



Large Parcels (>2.6 acres)

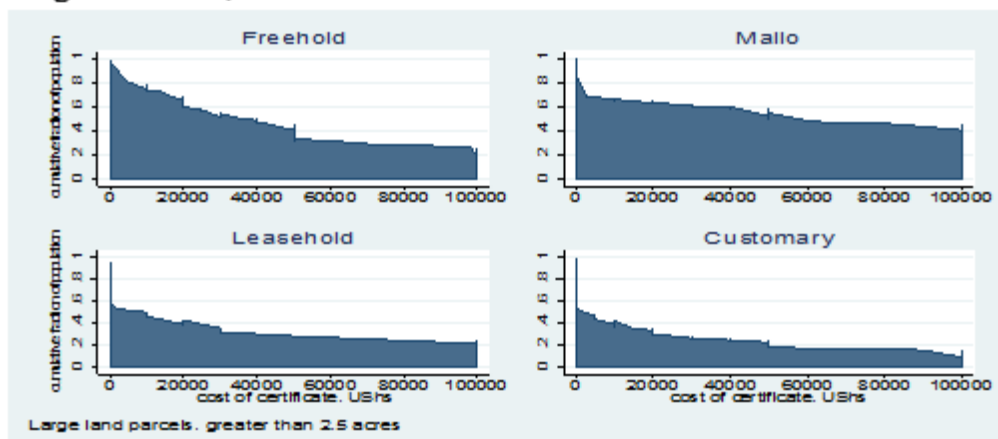
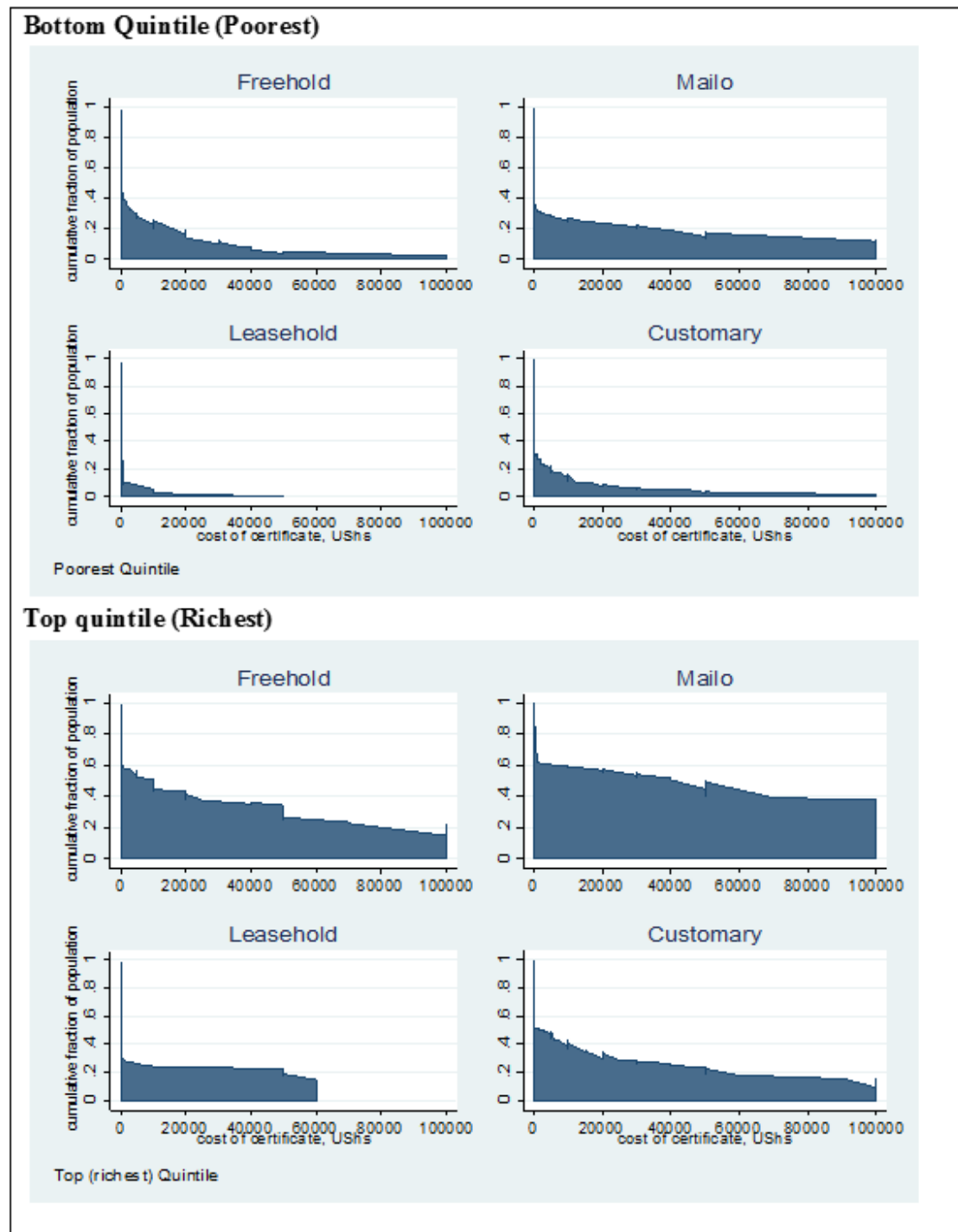


Figure 5: *Willingness to pay for land certificates by poverty status*



5. Conclusions and Implications

This paper examines whether the costs of land certification can be met at a cost recovery basis using Uganda—a low income country with limited formalization of land rights. We find that most of the land in Uganda is under the customary system of land tenure and this particular tenure status has implications for any attempts to issue land certificates. Indeed, less than 10% of the land in Uganda is formally registered with titles or certificates of customary ownership and occupancy. This may be partly explained by the prevailing high costs required to regularize land ownership. Despite households expressing willingness to pay and acquire formal land titles, the average stated price is considerably much lower than the prevailing cost of land registration as highlighted in the qualitative analysis. Furthermore, households are most willing to pay for *mailo* land certificates as opposed to customary land certificates. In addition, willingness to pay differs considerably by the economic status of the household. Consequently, any attempts to set land certification fees at cost recovery basis are bound to disproportionately affect the poor. Given that vulnerable groups are least likely to afford the costs of land certification, their rights are best protected under the customary system of land ownership.

Also, if large scale land certification programs are to be introduced in Uganda (as has been the case in other low income countries such as Ethiopia), such schemes should be heavily subsidized and not operated on a cost recovery basis.¹⁷ Indeed, based on comparison of current land administration fees and our estimated willingness to pay for certification, poor households are priced out of most land services. Related, there is a need to standardize not only the costs but also the procedures of land certification which appear to vary by district.

¹⁷ According to Deininger et al (2007), the Ethiopian land certification scheme heavily subsidized the cost of acquiring land certificates and in some regions provided land registration services free of charge. Between 1998 and 2005, over 6 million households were covered by the land registration exercise and at least 1.3 million land certificates were issued.

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7.0 Appendix

Figure 1: Map of Uganda



Source: <http://goafrica.about.com/library/bl.mapfacts.uganda.htm>