Innovative Financing Approach for the Registration of Certificates of Occupation

- An example from Uganda –

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Background

- 75% of the population lives in rural areas, mostly as subsistence farmer
- Despite general economic growth, agriculture production didn’t increase significantly
- Taking into account the fast growing population, food security is at risk

→ Tenure security is a crucial factor for farmers to invest in their land and to increase agricultural productivity
Land Tenure Rights

- Different types of land tenure rights: traditional rights, registered land title, tenancy title, Mailo-right, Certificate of Occupancy*

- Especially areas where Mailo-rights are in place, land tenure security and investment in land is unsatisfactory and could be improved substantially

- *Certificate of Occupancy:
  - Land tenants can completely obtain their revenue from farming and are protected from eviction
  - Can be inherited and mortgaged
  - Yearly fee to pay
  - BUT: High surveying costs + poor functionality of administration + land owner often unknown → Certificates not well known and rarely used.
Project Approach – at a glance

- **Objective:** Verify and update existing land tenure rights (Certificate of Occupancy) to enhance land tenure security of small scale farmers and to increase their willingness to invest in their land.

- **Target group:** 120,000 farmers with their 200,000 parcels in the *Mailo*-districts *Mityana* and *Mubende*.

- **Actions**
Innovative Financing Approach

Proposed Mityana/Uganda Land Inventorization Project to be funded through RU

World Bank

Ministry of Land, Urban Development and Housing (MLHUD)

New $100 Mio. loan
Supports GoU with equipment and capacity building for Regional Land Offices

Digitizes and updates existing cadastre

Land Owner

Sub County Land Committee

Forwards

Approves

Disapproves

District Land Tribunal

Issues CO

Issues/rejects CO

Land Occupant

Apply for CO

Provide Rural Credit (and grants) to farmers, secured by CO plus prefinancing

Banks

Support / Refinancing

KfW Rural Challenge Fund

GIZ Financial Services / SME Project

Note: CO = Certificate of Occupancy

Requests identification of landowner

giz / Expert Team Funding through EU and BMZ for advisory services
### Project Budget Composition

42% cost contributions by farmers and banks

<table>
<thead>
<tr>
<th>Main Cost Structure</th>
<th>Total €</th>
<th>€ per parcel 183.280 Parcels</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Start Up Costs</td>
<td>187.410</td>
<td>1,02</td>
</tr>
<tr>
<td>2. Staff training</td>
<td>25.704</td>
<td>0,14</td>
</tr>
<tr>
<td>3. Investment Equipment</td>
<td>210.170</td>
<td>1,15</td>
</tr>
<tr>
<td>4. Operating Costs</td>
<td>1.513.778</td>
<td>8,26</td>
</tr>
<tr>
<td>5. Uganda MHLUD Support</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.1. Equipment</td>
<td>98.800</td>
<td></td>
</tr>
<tr>
<td>5.2. Training</td>
<td>24.700</td>
<td></td>
</tr>
<tr>
<td>5.3. Operating Cost</td>
<td>163.091</td>
<td></td>
</tr>
<tr>
<td>Subtotal</td>
<td>286.591</td>
<td>1,56</td>
</tr>
<tr>
<td>5. + 10 % Contingency</td>
<td>222.365</td>
<td>1,21</td>
</tr>
<tr>
<td><strong>Total Costs</strong></td>
<td><strong>2.446.018</strong></td>
<td><strong>13,35</strong></td>
</tr>
<tr>
<td>6. Less Recovery from</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost Contributions by farmers and banks (both loans and grants)</td>
<td>-1.041.364</td>
<td>-5,68</td>
</tr>
<tr>
<td>Net Project Costs for donor</td>
<td>1.404.655</td>
<td>7,66</td>
</tr>
</tbody>
</table>
Points of discussion and other models

- What are feasible contributions considered by land owners/long-term lessees? More or less than one-third in cash?

Plus additional costs for travelling, fees etc.

- What is considered as an economic interest by banks in terms of co-funding first registration? Should only loans be offered or a mixture of grants and loans by the banks for owners/lessees?

- PPPs like SAMARTEX in Ghana co-funding registration: a feasible model for extension?

- Community Mortgage Program, Philippines, loans to communities: broader extension?