

**Social and economic impacts of land titling
programmes in urban and peri-urban areas:
A review of the literature**

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March 2007

Preface

During the World Bank 2005 Urban Research Symposium, several participants expressed the view that although increasing interest was being expressed on the subject of land titling and the formalisation of land tenure systems as a means of reducing urban poverty, the empirical evidence for such policies was inadequate.

Subsequent discussions resulted in the formation of an email discussion forum (based at forum@landtitling.net) to encourage the exchange of information and ideas on land titling. The response to this encouraged the present authors to draft a proposal to undertake an independent and objective impact assessment of the social and economic outcomes of land titling programmes in urban and peri-urban areas. A three stage proposal was developed, of which Stage 1 involves a desk review of the literature and Stage 2 involves case studies of selected case studies in different countries, together with a synthesis comparing the outcomes and drawing conclusions to inform tenure policy for international donors and national governments. An Advisory Group, consisting of leading professionals involved in issues relating to urban land tenure and titling programmes was formed to advise the project team.

Thanks to funding from the Government of Norway, Stage 1 of the project, consisting of this desk review of literature, was launched at the World Urban Forum conference in Vancouver, Canada in June 2006. Since then, materials have been exchanged between team members and a draft report was presented at an international workshop held at Charney Manor, Oxfordshire UK in December 2006. The review was revised and updated following feedback from a number of colleagues and discussions at the workshop.

If funding is obtained, it is hoped to commission local professionals to undertake empirical assessments of selected titling programmes during 2007. This will enable the project to contribute to the ongoing work programme of the Commission on Legal Empowerment of the Poor, the UN-Habitat Global Land Tools Network and other initiatives being implemented as part of the global effort to achieve and surpass the objectives of the Millennium Development Goals in improving living conditions for the urban poor and reducing future slum formation.

The authors are conscious that this review is not completely comprehensive and that there are a number of documents which we have overlooked. Nonetheless, we have collected, collated and reviewed a large number of references which we hope will inform discussion on this important policy option and contribute both to debate and policy formulation.

We welcome comments on the review and also additional materials, so that the database can serve as a resource for others. Please send comments or materials to Geoffrey Payne at GPA, 34 Inglis Road, Ealing Common, London W5 3RL or gkpayne@gpa.org.uk

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The Government of Norway Ministry of Foreign Affairs bears no responsibility for, and is not in any way committed to, the views and recommendations expressed in this report. All views are those of the contributors and those whose reports are cited.

Acknowledgements

The authors acknowledge with gratitude the financial support provided by the Ministry of Foreign Affairs, Government of Norway, in the preparation of this review.

We are indebted to many colleagues for providing or suggesting references, commenting on drafts and offering advice at various stages in the preparation of this review. Whilst the full list is too numerous to mention, we particularly thank Berit Aasen, Cate Ambrose, Schlomo Angel, Christine Auclair, Antonio Azuela, Solomon Benjamin, Jean-Claude Bolay, Somsook Boonyabancha, John Bruce, Angelika Brustinow, Robert Buckley, Tony Burns, William Cobbett, Joseph Comby, Rafael Soares Gonçalves, Kate Dalrymple, Helge Onsrud, Eric Deni, Klaus Deininger, Catherine Farvacque, Alan Gilbert, Cynthia Goytia, Andy Hilton, Robert Home, Marie Huchzermeyer, Paul Jenkins, Wilbard Kombe, Philippe Lavigne Delville, Scott Leckie, Francoise Lieberherr, Claudia Lopez, Eduardo Lopez-Moreno, Ana Lourdes Vega, Patrick McAuslan, Alan Mabin, Emmanuel Nkurunziza, Robin Palmer, Rasmus Precht, Julian Quan, Robin Rajack, Vincent Renard, Gustavo Riofrio, Sonia Roitman, Lauren Royston, David Satterthwaite, Marion Sejourné, Harris Selod, David Sims, Jon-Andreas Solberg, David Stanfield, Peter Swan, Farouk Tebbal, Camilla Toulmin, Jonas Tumsifu Nnkya, Andres Velez-Guerra, Jean-François Tribillon, Babette Wehrmann, Ulrik Westman. The review also benefited from the comments made by the participants in the World Bank workshop on 'Land Policies & Legal Empowerment of the Poor', Washington, November 2-3 2006.

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1. BACKGROUND OF THE PROJECT

1.1 Tenure and development

Despite decades of slum upgrading programmes by governments and the international community, UN–Habitat (2006:x) estimates that there were 998 million people living in slums worldwide in 2006 and that, without significant intervention to improve access to water, sanitation, secure tenure and adequate housing, this number could grow to 1.5 billion by 2020. Another UN estimate (United Nations 2003:25) indicates that the total could even increase to 2 billion by 2030 if no firm and concrete action is taken. The population increase in slums is faster than the population increase in urban areas. Hence, the proportion of urban households without formal tenure security is expected to increase in the decades to come. In the majority of cities in developing countries “the worsening state of access to shelter and security of tenure results in severe overcrowding, homelessness, and environmental health problems” (Lopez Moreno, 2003:10).

Tenure is increasingly identified as a key issue in managing the growth of urban areas and reducing urban poverty. In May 1999, UN-Habitat launched its Global Campaign for Secure Tenure to address the need to increase protection from forced evictions and promote longer terms options for secure tenure¹. Similarly, the Millennium Development Goals established in 2000² emphasise the impacts of insecure tenure and its links with poverty and poverty reduction. “Insecure tenure has multiple ramifications for poverty. Legal tenure at the settlement levels is often a prerequisite for the provision of basic services. Without security of tenure, newly serviced settlements are vulnerable to market pressure. Lack of tenure hinders most attempts to improve shelter conditions for the urban poor, undermines long-term planning and distorts prices for land and services. It has a direct impact on investment at the settlement level and reinforces poverty and social exclusion... from the point of view of governments, insecure tenure also has a negative impact on local taxation and on property and economic activities. Cost recovery for services and infrastructures is also difficult or impossible without proper identification of beneficiaries. For all these reasons, ensuring security of tenure is an effective tool for alleviating poverty in slums” (Sclar and Garau, 2003:57).

The World Bank has also recognised the importance of secure tenure in promoting economic development and reducing poverty in both rural and urban areas. The Bank organised a series of regional conferences on land and tenure issues in 2002 in order to establish the basis for appropriate land tenure policies. At the same time, the governments of Australia, Germany, Norway, Sweden, the USA and other countries increased funding and

¹ Benschop (2003:1) notes that “various definitions of secure tenure exist, but the most recent definition that was agreed upon during the Expert Group Meeting on Urban Indicators in October 2002, is: “*the right of all individuals and groups to effective protection by the state against forced evictions*”. Under international law, ‘forced eviction’ is defined as: ‘*the permanent or temporary removal against their will of individuals, families and/or communities from the homes and/or land which they occupy, without the provision of, and access to, appropriate form of legal or other protection*. The prohibition on forced evictions does not, however, apply to evictions carried out by force in accordance with the law *and* in conformity with the provisions of the International Covenants on Human Rights (the International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights).

² The eight Millennium Development Goals (MDGs), established in the Millennium Declaration, were approved by 191 Heads of State and Presidents at the General Assembly of the United Nations in the year 2000. They pledged to adopt new measures and join efforts in the fight against poverty, illiteracy, hunger, lack of education, gender inequality, infant and maternal mortality, disease and environmental degradation.

policy initiatives on land tenure. Similarly, when a new British government was elected in 1997, the importance of secure land rights and fairer land distribution was clearly recognised in a DFID Strategy Paper on economic growth and poverty reduction. In parallel with all this, DFID developed the Sustainable Livelihoods Approach, which recognised the importance of secure tenure as a basis for people to invest in improving their homes and businesses (Quan 2003:3-5).

Box 1: World Bank land policies for growth and poverty reduction

"Land policies are of fundamental importance to sustainable growth, good governance, and the well-being of, and the economic opportunities open to, both rural and urban dwellers - particularly the poor. To this end, research on land policy, and analysis of interventions related to the subject, have long been of interest to the Bank's Research Department" (Deininger 2003) Three principles are emphasised on the synthesis of the regional conference on land and tenure issues that the Bank organised in 2002 :

- 1) Provision of secure tenure to land improves the welfare of the poor, particularly by enhancing the asset base of those whose land rights are often neglected, and, creates incentives needed for investment, paramount to sustainable economic growth:
- 2) Facilitation of land exchange, and distribution, whether as an asset or for current services, at low cost, through markets, and non-market channels, will expedite land access by productive, but land-poor producers, so that once economic growth improves, financial markets would rely on the use of land as collateral; and,
- 3) Governments' contribution to the promotion of socially desirable land allocation, and utilization".

Source: Deininger K. (2003) 'Land Policies for Growth and Poverty Reduction', A World Bank Policy Research Report, Washington DC

The negative effects of existing land administrations are summarised by Reuelta-The (2005:4) about the LAMP in the Philippines when she states that "the present land administration and management system, being inefficient and ineffective ... has created a sizeable bottleneck for sustainable urban and rural development in the Philippines". She reports that delays in obtaining, registering and transferring title, together with high costs and taxes, combined with inefficient land administration, resulted in a large number of administrative and court cases involving conflicting claims over the same parcel of land, which eroded the confidence of both the public and investors in the formal land registration system. "The foregoing have caused a highly inefficient and inequitable land market ... The people largely rely on informal land markets, resulting in long-term land insecurity and decreased government revenues from land related taxes. Recent studies in two cities showed that there is inequity in the real property taxation system due to the low quality of the valuation base". A similar set of justifications is usually given in most countries to explain why titling is necessary.

1.2. Tenure policy and the emerging debate

Over the last two decades, many international donors and national governments extensively promoted land titling programmes as a means of increasing tenure security, improving access to formal credit and reducing poverty. The increasing consensus on the importance of tenure policy in reducing rural and urban poverty was matched by an equal consensus on the form such policy should take. Stanfield and Bloch (2002:1-2) state that "in the 1980s, U.S. foreign assistance shifted to emphasize macro-economic policy reform and private enterprise development. This shift was reflected in USAID's Policy Determination on "Land Tenure" (PD-13) that mentioned neither land reform nor redistribution (USAID 1986). Instead, the policy emphasized land markets, land titling, and real property registration.

Policy options that relied on market forces were seen as more feasible politically than administratively determined land redistribution". In addition to USAID, several other organisations are promoting land titling, including The Inter-American Alliance for Real Property Rights, which was established to support the Summit of the America process in response to the commitments related to real property rights in the region made in the Declaration of Nuevo Leon; the Millennium Challenge Account (MCA); the Real Estate Advisory Group (REAG); and the Inter-Summit Property System Initiative (IPSI).

Other initiatives promoted by US President George W. Bush are pursuing similar objectives through investment in development programmes, such as the Millennium Challenge Account (MCA) which implements "the new compact for global development" proposed by the USA in 2002 in Monterrey. The Millennium Challenge Corporation (MCC) was established in 2004 to administer the MCA and a concrete mechanism has been set up to implement this compact, in which development assistance would be provided to "reward good policies" in those countries that rule justly, invest in their people, and encourage economic freedom. Property rights and land titling are at the core of this new aid and cooperation strategy.

Several interventions are being planned or implemented in Morocco, Madagascar and Benin. In the case of Benin, \$US 36 million are being allocated to the land project which aims to secure property rights for the poor and non-poor alike and to create effective, transparent governance of land and property issues. This project is designed to: (i) Reduce the time and cost to obtain a land title, (ii) Reduce the number of land disputes, and (iii) Increase confidence in the viability of land investments.

The momentum established by these initiatives is noted by Daley and Hobley (2005:13) who report that "the start of the Thailand Land Titling Program coincided neatly with a major international shift in development policies: during the 1980s the World Bank's structural adjustment programmes and liberalisation policies (and the IMF's stabilisation policies) linked beliefs about the importance to economic growth of privatising and individualising land rights with the broad pro-market tenets of 'neo-liberalism'. This shift was also reflected in the World Bank's 1993 housing policy paper, *'Housing: Enabling Markets to Work'*, which stated (1993:70) that secure tenure increased housing investment and that "where proper titles are issued, investment in housing may further increase if the titles can be used as collateral for obtaining housing finance". The report went on to state that titling need not be restricted to freehold titles, and may offer titles that can be upgraded to full freehold titles over time.

The World Bank 2006 report (2006:12) states that "during the 1970s and 1980s, there was a consensus on the need to formalize property rights by creating documentary evidence – title deeds. These were underpinned by detailed surveys of property boundaries, so-called cadastral surveys³".

Since 2000, several initiatives have also been launched by international finance institutions and bilateral aid and cooperation agencies, in order to accelerate the pace of integration of the informal sector within the sphere of formal market, with the objective of promoting and securing private investment. For example, a series of interrelated United States Government programmes have been launched in order to promote property rights in developing countries, with particular attention being given to Latin American countries. Traditional interventions by USAID have been expanded and consolidated by regional and bilateral programmes: One of the main objectives of the Inter-Summit Property Systems Initiative

³ Despite their promotion by the World Bank, a list of projects on land funded by the Bank since the 1990s shows that on the list of primary projects, about half of them have an urban dimension. Most of the urban projects are related to cadastre, land registration or the development of administrative institutions to deal with land titling. Only 5 out of 44 seem to be related to the actual allocation of land titles in urban or peri-urban areas.

(IPSI), coordinated by Landnet Americas is to promote effective property rights systems in Latin American and the Caribbean, in order to alleviate poverty and promote economic growth. The problems of property rights systems in Latin America and the Caribbean and approaches to resolving them are the focus of IPSI which works in close association with the Institute for Liberty and Democracy (ILD)⁴.

Land titling programmes have been promoted for many years in rural areas. Since the early 1990s, however, they have been undertaken in urban and peri-urban areas, though in these cases the outcomes may be substantially different even when objectives are the same.

The World Bank was an early supporter of urban land titling programmes and began funding the major programme in Peru in 1998. Its objectives regarding land titling and title registration indicate that they are considered essential preconditions for:

- Protection of property rights, increasing individual investor confidence;
- Transparency of ownership, thus reducing transaction cost and increasing the efficiency of property markets
- Establishment of land markets;
- Development of secondary markets, including rental markets, increasing the efficiency of property use;
- Mortgaging of land, and through this the recapitalization of newly established farms and improvement productivity (sic) and;
- Establishing a land-based taxation system (World Bank 1996:6-7).

This set of objectives permeated early titling programmes which have since been applied in many other countries, despite enormous differences in local conditions. Such standardised approaches run the risk that they may succeed or fail for reasons unrelated to the intrinsic qualities of the policy, but more to the appropriateness or otherwise of local conditions. Since these are not necessarily assessed prior to adopting the approach, it is therefore difficult to explain the reasons for success or failure.

A synthesis of World Bank policy regarding titling identifies three stages of reform based on experience in the East Asia and Pacific region:

1. Achieving direct linkages to agricultural and urban investment—involves the definition of property rights in a coherent legal framework and the provision of administrative mechanisms to provide security of tenure for these property rights.
2. The emergence of formalized land markets in which land can easily be leased, purchased and sold, and gifted to achieve more efficient and higher-value use of the resource.
3. The use of land and real property as collateral for transactions (World Bank 2004:ii-iii).

The second generation of land projects in the South East Asia region continue expanding the issuance of land titles through systematic titling of high-value properties, including properties in urban and peri-urban areas and high-value rural areas.

A major boost to discussion on the importance of tenure security and its implications for social and economic development followed the publication in 2000 of the book by Hernando de Soto⁵ which claimed a direct correlation between property ownership and affluence in the West and the lack of this in developing countries. De Soto claims that the major stumbling block that keeps the rest of the world from benefiting from capitalism is its inability to produce

⁴ <<http://www.landnetamericas.org/browser.asp?CatId=492&c=0>>

<http://www.usaid.gov/press/spe_test/speeches/2000/sp000407.html>

⁵ de Soto, Hernando (2000) 'The Mystery of Capital: Why capitalism triumphs in the West and fails everywhere else' Basic Books, New York

capital, and that whilst the poor already possess the assets they need to make capitalism work for them, they hold these assets in defective forms. By this he means that they lack titles to their properties which they can use to invest in businesses, rendering their assets as 'dead' capital. He estimates the total value of such 'dead' capital is at least US\$9.3 trillion. "They have houses but not titles, crops but not deeds, businesses but not statutes of incorporation" (de Soto 2000:7).

In applying his approach to the situation in Tanzania, de Soto (2006:26) acknowledges that the poor "know how to create value on their own: their extralegal economy has assets worth US\$ 29 billions. This is 10 times all foreign investment accumulated since Independence and 4 times the net financial flows from multilateral institutions in the same period. Putting it simply: what the poor of Tanzania already have is much more than what foreigners can ever give them". Since the proposed land titling programme he is promoting has yet to deliver, it is too early to assess the impacts which titles may have on increasing their asset base.

According to de Soto, the substantial increase of capital in the West over the past two centuries is the consequence of gradually improving property systems, which allowed economic agents to discover the potential of their assets, and thus to be in a position to produce the non-inflationary money with which to finance and generate additional production. He proposes that if the governments of developing countries provide universal property ownership with clear titles and rights enforceable in law, then the poor will be able to use their assets to obtain credit and capitalism would enable countries to lever themselves, and their poor majorities, out of poverty and achieve capitalist affluence.

De Soto has successfully focused attention on the role of tenure policy as a central factor in social and economic development. He has attracted widespread support from international development agencies and several governments, though many observers have also criticised his approach on conceptual, ideological and methodological grounds. In doing so, he has stimulated an important debate about the role of property ownership and land titling should play in development policy.

Perhaps inevitably for somebody who has been so widely quoted and reviewed, de Soto has claimed that his views have been misrepresented and the recently established Commission on Legal Empowerment of the Poor (CLEP), of which he is co-Chair, emphasises that land titling is not the only option to reduce poverty. However, it also states (CLEP Overview paper, 2006) that access to land ownership is an essential component for poverty eradication in developing countries and a central tenet of de Soto's approach is that ownership is essential if a property is to be able to be eligible for use as collateral for a loan and it on this basis that many and titling programmes have recently been proposed.

Reviews of de Soto's analysis and proposals in the professional media have generally been critical. Typical of many is the comment by Bromley (nd:1) who states "eradicating poverty is the goal, new agricultural investments, new businesses, and upgraded dwellings are the means whereby this will happen, tenure security is the necessary condition, and formal titles are the sufficient instrument. Titles are the means to eradicating poverty. It sounds too good to be true. And it is".

In another paper, Sjaastad and Bromley (2000:386) conclude an examination of property rights issues by stating that "it is important to understand that locally evolved property institutions contain complex rules whose purpose is to meet specific social and environmental objectives ... Unfortunately, the land tenure policies and programmes introduced into developing countries have a discouraging legacy of ignoring such complexity". Whilst not referring specifically to land titling programmes, it is clear that they are concerned about the tendency for single policy options to be applied globally.

As Angel et al also note (2006:9) “critics of titling programs also point out that de-facto security ~ provided by the lack of evictions in recent history, or by the provision of public services and street addresses, may be sufficient to induce the most important of the benefits commonly associated with titling. The gains to incremental housing investment, labor mobility and employment, and the fundamental humanitarian interest in providing a measure of stability for the urban poor can all be accomplished through legal instruments other than freehold titles”.

Although there are many reviews of de Soto’s approach to land tenure and property rights (eg by Bromley, von Benda-Beckmann, Calderón, Lavigne-Delville, Fernandes, Gilbert, Payne, Quan, Royston and Woodruff), very few refer to specific socio-economic impacts of the approach he advocates. Critiques usually emphasise:

- Perceived theoretical weaknesses
- Methodological errors and conceptual misinterpretation of key concepts of the economic theory
- Over-simplistic generalisations based upon limited historical experiences (eg Europe and US history)
- Underestimation of the relevance of cultural diversity
- Overemphasis on the legal definition of ownership which does not recognise that ownership is not a relation between a person and a thing, but a relation between a person and a person: tenure is a social relation
- Underestimation of the advantages of informal land delivery systems
- Non-recognition of alternatives to titling for ensuring security of tenure
- Overemphasis put on access to formal credit
- Lack of empirical evidence about the achievement of titling
- A failure to take into account that titling cannot be implemented without appropriate land administration (legal and regulatory frameworks, institutions, LIS, registration).

As observed by Quan (2003:7) “the dominant thrust of the US based arguments to promote de Soto are basically about betting on the strong, on the assumption that opening up opportunities for enterprise by a few will benefit all, without explicitly building social protection into the equation. Formal property ownership may not be appropriate for all, indeed, until such time as property institutions become genuinely transparent, accessible and equitable in their operations, the costs of formal property ownership, as well as the debt burdens that are created when property is mortgaged, are not appropriate for the poor. Nevertheless the rights and claims of the poor must have equal status, before the law, with those of the rich and powerful. In this regard it will be important to improve secure access to land and housing through a range of appropriate, and secure forms of tenure, and to invest in judicial and quasi-judicial processes which can enable the poor to protect their rights against seizure and abuse, and to resolve disputes. These issues tend to be neglected by the proponents of de Soto's thesis who see property rights as a simple solution to the multiple problems of poverty, development”.

Quan (2003) has also summarised the early influence of World Bank thinking on tenure policy and its predisposition toward individualised land titling programmes, though he recognised the major policy shift that took place in the late 1990s (see box). Nonetheless, titling has continued to exert a powerful influence over many agencies and some national governments. As Cousins et al (2005) note in the case of South Africa, “the policies of many developing countries, including South Africa, continue to support titling approaches to securing tenure, (though) there is widespread confirmation in the literature that title can be problematic for poor people living in both urban and rural areas”. Cousins et al “(2005) also claim that “a recent African National Congress discussion document suggests that failure to provide title deeds to land and houses ‘sterilises the enormous value of these existing assets, which could so easily be turned into collateral to secure access to capital’. They

continue “Government’s new housing policy document Breaking New Ground complains that the 1.6 million new houses funded by the state since 1994 have not become ‘valuable assets’ for the poor, and emphasises improved access to title deeds as a means of helping the poor participate in residential property markets. These examples demonstrate the increasing influence of Peruvian economist Hernando de Soto and his book”.

The attention which de Soto and others have brought to bear, and the welcome debate this has generated, has yielded signs of a policy review within the international community. For example, the World Bank 2006 report (2006:12) notes that “the earlier consensus on this issue has since changed and become more nuanced. For instance, most policy analysts now no longer simply assume that formalization in a given context necessarily increases tenure security, and leads to collateralized lending. The original assumptions have now become questions for empirical research”. Recent thinking from the World Bank suggest that, at least in policy circles, more nuanced approaches now dominate. Buckley and Kalarickal (2006:23) argue, for example, that “it would be dangerous to promote formal titling programs as the sole solution necessary to solve the problems of the urban poor as some have suggested. In many cases, formal titles are unquestionably valuable. Nevertheless, in most developing countries, where the capital markets are undeveloped and a spectrum of ownership structures exist, titling alone will not “unlock” capital. While such property rights may often be a necessary condition to develop a fully functional housing market, they are not a sufficient condition to unlock the trillions that are now locked up in dead assets”.

Buckley & Kalarickal (2006:30-31) also suggest that titling may not necessarily result in increasing the assets of the poor when they state “while there are good reasons to agree that improving property rights should be an essential part of reform, there is also a range of practical problems that potentially reduce the seemingly large gains. Among these problems are:

- Titling is often a costly process. It is not just a matter of formalizing informal arrangements that already exist. Very often, contradictory claims of ownership succeed the announcements of titling programs.
- Much of the land on which informal houses are built is obtained through illegal squatting on private property, and compensation is not paid to existing owners ...
- The broader web of societal contracts and constraints, as well as a wide variety of political economy issues, may well reduce the value given to property titles in isolation ...
- A title is less valuable if it cannot be used as collateral. Such a result occurs whenever there is no effective formal financial system, as is the case in many developing countries ...
- The anthropological perspective on tenure—that is, a continuum of tenure categories with different levels of security of tenure—applies. Across this spectrum, some may value titles much more strongly than others”.

Of course, in an organisation as large and diverse as the World Bank, changes in sectoral policy take time to permeate through to operational and regional departments and the transformation is not always a straightforward and smooth process. Thus, in 2006, an on-line moderated internet discussion organised by the World Bank’s Private Sector Development Department on property rights asked “Can Informal Property Titling Programs Ensure Increased Business Investments? Even though many developing countries have implemented titling programs to secure property rights, such programs often aren’t enough to foster private sector growth because they provide little security of ownership“. Clearly, sections of the Bank concerned with promoting international investment, such as FIAS (Foreign Investment Advisory Service), are less likely to give priority to local residents in unauthorised settlements than to the foreign investors they see as stimulating the economy and putting scarce land resources

World Bank tenure policy (from Quan 2003:3-5):

The World Bank played a dominant and overarching role in land policy in developing countries during the 2nd half of the 20th Century. Much of the Bank's lending has been through technical projects intended to modernise and strengthen systems of land administration to support. There was scant consideration of the wider policy context and the practical impacts on the rights of ordinary land users. Regional development banks, in Africa, Asia, the Americas and the Caribbean for the most part followed a broadly similar approach. The registration and titling of secure individual rights to land and property, as practised in the North.

The Bank's policy was to promote formal land titling as a precondition for agricultural growth, "modern development" and to secure access to credit; abandonment of communal tenure systems in favour of freehold title and the sub-division of the commons, and the widespread promotion of land markets to bring about "efficiency enhancing land transfers" (World Bank 1974). This approach changed little until the end of the 20th century. The Bank also believed, however, and still does, in re-distributive land reforms to promote both equity and efficiency in agricultural development.

During the 1980s and into the 90s - the era of structural adjustment - the World Bank's zeal to promote individual property rights and land markets increased. Understandably these policies were widely criticised. People's rights to land and the impacts that these policies had on rights and livelihood opportunities did not enter the equation, since the objectives were to promote aggregate economic growth based on free market principles. Land was treated as a commodity like any other, and land markets were promoted on the assumption that the market mechanism would automatically allocate land to its most efficient, and therefore presumed best, use.

In relation to land distribution, while this was seen as desirable, the World Bank was determined to promote the land market as the mechanism - in line with the rolling back of the state and the promotion of the market as a supposed public good. The need for a proactive strategy to combat entrenched structural inequalities in access to land and property and the role of the state in acquiring land, or targeting land for redistribution, and matching supply of land to social need were ignored. The immense distortions in land markets whereby all but those who already own substantial landed property or financial assets are unable to enter the land market, and land is often acquired by the wealthy primarily for speculation, future development but not social use, were not considered. A central feature of international debate on land and property rights in the early 21st Century has been the World Bank's process of consultation on Land Policy. This led to the production of a major Policy Research Report (Deininger 2003) and appears to represent a comprehensive landmark in changing World Bank thinking, not least in the Bank's capacity (with strong encouragement from the other donors and partner countries involved) to listen to voices other than its own.

The Bank's new document focuses on land and property rights primarily from an economic point of view, emphasising the importance of secure rights to economic growth. But it recognises the social values of land rights, their complexity on the ground, and that poorly designed interventions have over-ridden legitimate established rights. In addition rights do not necessarily have to be secured by formal land titling processes, but simpler, more accessible processes, based in local institutions can also be used.

to 'more efficient' use. As noted by (Haldrup 2003), titling programmes have so far focused on supporting the land market, while the poor also need protection against market forces through appropriate public regulation. It is also important to note that the Bank's role in promoting secure tenure embodies two potentially conflicting objectives. On the one hand, it seeks to improve tenure security for residents in informal settlements, whilst on the other hand 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.

1.3 Availability of evidence on the outcomes of titling programmes

Given the intellectual and financial investments made to date on land titling programmes, it is therefore surprising to note that there is a dearth of independent evidence to support or challenge the application of land titling as the most appropriate policy option to achieve the universally desired objectives of promoting social and economic development and reducing urban poverty. This lack of evidence is noted in the synthesis report prepared by the Land Tenure Center for land market interventions undertaken by USAID, a leading advocate of land titling programmes, when it states (LTC:2002:7-8) that “these findings are minimal with regard to the extent that projects achieved their objectives and targets, and non-existent with regard to their long-term impact on land market development and socio-economic development. The paucity of findings is due both to the lack of project documentation, particularly end-of-project reports and final evaluations, and to the quality of information provided in the reports that were available. The lack of post-project impact evaluation studies made it impossible to determine long-term impacts”.

A similar conclusion is drawn by Clichevsky (2003:6), when she notes, ‘it is necessary to carry out systematic research on the different types of programme and their scope in different countries and cities in the region [of Latin America] to be able to reach comparable conclusions and applicable recommendations for the different realities of Latin and central American countries’. The basis for the project which is the subject of this review is to learn from such experience and improve the empirical foundation of such policies.

An overtly ideological approach is adopted by Graglia and Panaritis (2002:3) when they anticipate the answer raised by de Soto before any assessment and state: “True or false? Enabling citizens to have a secure claim to their fixed property—homes and land—by insightfully simplifying and thoroughly redesigning a formalization process will result in massive capital flows to the middle and lower classes from both domestic banks and foreign investors. If so, who should manage this transformation that will have such dramatic impact on capital markets and both the public and private sectors?”

The confusion made by Graglia and Panaritis, exhibit between ideological statement and ex-post evaluation is repeated (2002:5) when they rely exclusively on the neo-liberal micro-econometric supply demand model to force Peruvian reality stick to the model: “There are many reasons that the new system accomplished in less than two years what the previous system failed to achieve in more than a century. The reasons for the success are best described in the document—written by Panaritis and her associates—proposing the project loan to the World Bank. Once the project was implemented, they proved to be correct in their prescriptions”.

Materials obtained in the course of preparing this desk review have identified examples of land titling programmes in 35 countries and a wealth of over 200 documents relating to these and more general discussions of land titling policies and programmes. Despite their promotion by the World Bank, a list of projects on land funded by the Bank since the 1990s shows that on the list of primary projects, about half of them have an urban dimension. Most of the urban projects are related to cadastre, land registration or the development of administrative institutions to deal with land titling. Only 5 out of 44 seem to be related to the actual allocation of land titles in urban or peri-urban areas. Other programmes have been undertaken with funding by different donor agencies or national governments.

There is little to go by in the way of systematic empirical studies on what happens to the residents or the housing environment in urban settlements where tenure security and infrastructure have been improved by titling. For example, many examples are either of historical examples (de Soto 2000) or based on experiences gained in rural programmes (eg

Feder 1989). Relatively few studies have been undertaken of land titling in urban and peri-urban areas of developing countries which themselves possess a wide range of characteristics, but all of which are significantly different from those applicable in nineteenth century Europe and America or the rural areas of contemporary developing countries.

It also appears that just as land titling has been heavily promoted for urban and peri-urban areas without a strong empirical foundation, so the tide of comments in the literature appears to be turning against it based on an equally weak empirical foundation. It is the intention of this project to fill this gap and provide a sound basis for both debate and future tenure policy. Only on this basis can the most appropriate role for titling be determined.

The present review of literature seeks to present a summary of the present state of knowledge about land titling programmes and projects as a basis for discussion and to provide a basis for undertaking detailed social and economic impact assessments of selected titling programmes in selected countries.

2. OBJECTIVES AND SCOPE OF THE PROJECT

2.1 Project objectives

The highly ideological dimension of the current debate about land titling is blurring the discussion about the relevance and achievements of land titling in the context of developing cities. The objective of this project is therefore to assess the social and economic impacts of land titling projects and programmes in urban and peri-urban areas, to assess the extent to which they have achieved their objectives, and to review land titling programmes as a means of creating a sound basis for tenure policy in the urban and peri-urban areas of developing countries.

A key issue the project explores is the extent to which titles are an essential requirement, as opposed to one of a number of options, to achieve 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 unauthorised urban development. A key consideration will be to assess the extent to which all groups involved, such as newly titled households, tenants, women, private sector investors and developers and government agencies responsible for urban management have benefited from land titling programmes and which stakeholders, if any, have been adversely affected. This is particularly important in urban locations where titling may have a significant impact on property values and hence on the interest of different stakeholders seeking to maximise their interests in land markets. In such cases, there is a risk that titling may empower investors or others familiar with land market operations more than it empowers residents.

A further objective of the project is therefore to assess the relative benefits of titling to local and foreign investors in urban land and its development. The interests of both these actors may be significantly different in that an emphasis on attracting international investment (eg foreign direct investment or FDI) may generate considerable inward investment in a local economy, but this may increase land prices to levels which effectively exclude local investors. Conversely, programmes which protect local investors may deter foreign investors, reducing overall economic development. Programmes which do not distinguish, or seek to achieve a balance, between these potentially competing interests may produce unintended and therefore potentially negative consequences.

We anticipate that the project will inform policy makers and professionals of the strengths and limitations of such programmes, and provide a sound basis for tenure policies to manage the processes of urban growth and development. It will also provide data and case study material for educational and training programmes on urban development and land policy.

2.2 Desk review objectives

This desk review of the literature provides an opportunity to assess the nature and extent of present knowledge and views on land titling as a means of promoting social and economic development and reducing urban poverty. If funding is obtained, it will form the basis for case studies of specific titling programmes and projects in selected countries to be undertaken during 2007.

The review also provided a basis for discussions at the international workshop held at Charney Manor, Oxfordshire in December 2006. These discussions provided guidance on

what approach would be most appropriate for prioritising issues for future analysis, selecting methodologies for undertaking impact assessments and identifying suitable examples.

Land titling programmes pursue a wide range of complementary, and sometimes contradictory, objectives that are often grossly underestimated in evaluations, which usually focus on one kind of impact (e.g. unifying land markets), and rarely examine other related impacts (e.g. on market-driven displacements and gentrification). Our review has tried, whenever possible, to overcome this weakness.

2.3 Focus and scope

What is a land title? It is clear from the papers reviewed that the term land titles, and consequently the term titling, does not have a single, universal, meaning. Instead, there are a number of interpretations, ranging from individual freehold to collective freehold to individual or collective leasehold, or to other forms existing in a given legal system. All of these can be found in different countries existing under the name of titles.

For the purpose of this review, land titling can be defined as the allocation of real property rights on land, ie rights that are opposable to a third party, can be transferred, inherited and mortgaged⁶. This includes freehold or long-term registered leasehold as found in common law tenure systems.

In the following pages, we review both freehold and leasehold categories, including selected examples where transfer rights may be restricted, such as “patta” type titles in some Indian states, but do not prevent transfer in practice⁷. However, in practice the main focus will be on freehold. Where we draw the line is on the need for any form of title to be issued and registered⁸ on an individual household, rather than a communal basis⁹. We exclude forms of title which are intended to benefit exclusively rural communities. A large number of programmes provide for various forms of leasehold or use rights. Some apply to land whilst others apply only to developments on land. For example, in Brazil, the ‘*usucapiao*’ (prescriptive acquisition/adverse possession) form of tenure provides a ‘concession to the real right to use’ land for housing purposes, and surface rights’ (Fernandes 2006:67-68), but not full freehold. This right is also offered on a group, as well as individual basis.

⁶ Many countries allocate forms of ownership according to local definitions, some of which refer to customary titles, leasehold titles or use rights. Such variations are not included in this review.

⁷ In Madhya Pradesh, India, Banerjee (2005) notes that two types of title or patta are given. “The 30 years patta (patta ‘kha’) is given to those who are living in settlements that are to be improved and rehabilitated. The annual patta (patta ‘ga’) is given to those who are living in settlements that are to be relocated. The patta can be inherited but not transferred. Only residential use is permitted. The Act supercedes all other acts and regulations, including the city’s Master Plan. The first cut off date was in 1984, and was followed by fresh dates in 1998 and 2003. An amendment to the Patta Act in 2003 allows pattas to be mortgaged for housing loans from banks, registered housing societies or government organizations”.

⁸ Land Equity (2006:104) provide a concise definition of registered land rights in terms of deeds and title registries. Registration of Deeds is a system administered by the State under which documents setting out dealings with respect to rights in land (‘deeds’) are officially registered. The deed in itself does not prove rights of ownership or possession, it is merely a record of an isolated transaction. Registration of Title is based on parcels of land, transactions are set out in simple documents and recorded with reference to the land parcel systems and were introduced in many countries to overcome the limitations of systems for registering deeds. These systems readily enable rights in land to be ascertained simply and with certainty. Transactions become valid and effective by virtue of registration.

⁹ This means, for example, that the land held under the South African Communal Land Rights Act of 2004 is not included in this review.

Lanjouw and Levy (2002:987) propose a model suggesting that “the key distinction among sources of ownership claims is not whether they are formal or informal, but whether they are transferable or not. Stronger rights, to the extent that they are non-transferable, may make it more difficult to engage in property transactions”.

It is also important to differentiate land titling from tenure regularisation and title registration. Tenure regularisation or tenure formalisation refers to the delivery or allocation, to a person or group who occupies land informally or irregularly, of a formal right to use and occupy such land. Tenure regularisation is usually carried out at the scale of settlements, and is closely associated with slum upgrading. It is, *ad minima*, a personal right (administrative permit to occupy) that provides temporary security of tenure. Such rights cannot be mortgaged, but can usually be transferred through inheritance. Tenure regularisation can also provide real rights¹⁰.

The project focuses on urban and peri-urban and titling programmes and projects. However, some rural titling programmes are included in the review when they have, or are likely to have, a clear impact on land and tenure situation on rural-urban fringes. It also focuses on examples in urban and peri-urban areas of developing countries rather than countries in transition from a socialist economy to a market economy. However, references to titling programmes in some countries in transition have been included in the review, especially when the tenure situation in cities has similarities with the tenure situation prevailing in developing countries, such as those with a large urban population living in informal settlements.

To assess the socio-economic impacts of land titling, we have adopted the list of supposed advantages as identified by de Soto (2000) and taken up by the CLEP in its statements since 2005. These focus on:

- Social impacts of titling (security of tenure, inclusiveness, health and education, residential mobility);
- Economic impacts (investment in property, property values, access costs and access to mortgage credit, impacts on taxation)
- Building and environmental impacts (provision of, and access to, urban infrastructure and services)
- Administrative, legal and political impacts/aspects.

¹⁰ To indicate the complexity of the issues involved in titling studies, it is worth noting the following from a recent UN-Habitat review of land tenure in Latin America. “The Latin American civil codes distinguish between property and possession. In the civil law tradition, ownership is a “real right” accorded specific recognition. It is a basic, fundamental right at the root of the property rights system. Possession can be separated from ownership, can be accessed in different ways and can carry its own set of different rights. Among other rights to property included in the code are the right of use, servitude, the right of way and prescription. “Positive prescription” is a method created by law for acquiring ownership. Known as *usucapion* (in Spanish) or *usucapião* (in Portuguese) from the Latin *usus capere*, prescription has its origin in enactments of the civil law, which have been confirmed by Canon Law. The civil code also established the institution of the public property registry and, later on, the public property cadastre. The civil code decreed that the male was the head of the family, and that only formal marriage would be recognised as generating rights and obligations. This meant that inheritance rights of extramarital children were not recognised. The maintenance duties were established especially for the minors, elderly, incapable and, in the case of inheritance, a conjugal portion if the widow fulfilled all requirements. These legal concepts continue to be the way in which regulation of the civil code is perceived in much of Latin America, in spite of the fact that the majority of these codes have been reformed, doing away with formal legal discrimination”. Un-Habitat (2005a:16)

We have added to this list of expected impacts a set of questions related to the main constraints and drawbacks encountered in the implementation of land titling programmes, when based on reliable empirical observations.

2.4 Methodological issues

Social and economic impact assessments of land titling, as with many other subjects, are fraught with methodological problems. Identifying and measuring endogenous and exogenous factors relating to the social and economic impacts of titling requires an ability to measure individual variables which are themselves difficult to quantify. For example, security of tenure involves perceptions of de facto contexts at least as much as definitions of legal status. Isolating a wide range of social and economic variables adds to this challenge. A more practical issue concerns time-lapse issues in that initial outcomes may vary from medium to long-term outcomes. It may also be impossible to trace residents who move out of an area after titling programmes have been implemented in order to assess the reasons for their move or the social and economic impacts of their move.

Another difficulty raised in reviewing materials presented in this review was the limited information provided by many authors concerning their own methods of collecting and analysing data on the outcomes of titling programmes. This seriously impedes assessments of the reliability of evidence reviewed and reduces opportunities for using existing research as a basis for diachronic analysis. A noted exception to the rule is provided in the paper by Lanjouw and Levy (2002:986-7), which includes a detailed explanation of their research methods, surveys and data analysis. They state that their sample “was stratified by both community age and the percentage of community properties with formal title to ensure that it would encompass areas with property rights taking a variety of forms. Within each community, 20 households were selected at random. The survey was fielded in July–August of 1996, and information was obtained for 400 households comprising 1921 individuals”.

In addition to quantitative datasets, Lanjouw and Levy asked (2002:999) questions regarding households’ perceptions of tenure security, their ‘ability’ to make property transactions of various types, and their views of property values in both titled and untitled states. Their use allows them “to consider relationships that would be difficult or impossible to uncover with more objective data. Household responses to perception questions are admittedly subjective, which raises particular concern about noise and the potential for bias as compared to other recorded information. That said, whatever noise there may be in these data, it is not sufficient to disguise many interesting and statistically significant relationships”.

To illustrate the problems of isolating endogenous from exogenous factors influencing outcomes, one example is briefly presented by Galiani and Shargrotsky (2005, 2004). They claim to have resolved this problem when undertaking surveys in San Francisco Solano, near Buenos Aires, Argentina, where they compared a community that received land titles with a nearby control group with identical social characteristics, which did not receive titles. In this way, they were able to isolate titling as the determining variable in assessing social and economic impacts. Another researcher to have addressed the key issue of isolating the influence of titling as a determining variable is Field, whose research in Lima, Peru, compares data from different locations to assess variations in perceptions of security, increased labour market activity and investment in housing. Her work on this is discussed in Section 4.2.1.

Another methodological consideration is that titling has immediate, medium term and long-term impacts. One of the main limits in any assessment of the impact of land titling comes from our inability to measure some of these impacts over a long time period, as most titling programmes are less than 15 years old. For example, immediate impacts can be observed

on property value or taxation, whereas impacts on health and education, gentrification or access to mortgage credit, if any, will not be observed before several years have elapsed. When dealing with presumably long-term impacts, observed trends may be more important than short-term figures.

Land value increases have been used as proxies for project benefits, particularly in the evaluation of the World Bank funded slum upgrading projects in Indian cities such as Indore, Kanpur, Kolkata and Chennai (Lipton, 1990). But this approach can be questioned, firstly because of the extreme unreliability of land value data in Indian cities and secondly, because land value increases are likely to reflect the market potential, rather than the actual improvement in housing conditions.

Although Banerjee does not aim to isolate exogenous and endogenous factors, her studies of shelter and infrastructure carried out in squatter settlements in Delhi, Bhopal and Visakhapatnam over a period of ten to twelve years provide a fairly sound basis for examining whether and to what extent improved housing environments in squatter settlements are an outcome of secure tenure and infrastructure improvements. They not only help in understanding the conditions under which improvements take place, but also indicate how a stimulating environment can be created so that tenure and infrastructure programmes can contribute towards long term improvement in housing conditions in slums. (Banerjee 2004).

2.5 Sources used in the desk review

This desk review of literature presents materials gleaned from an intensive, if not definitive, range of documents obtained from colleagues, the libraries of team members, the internet and various organisations. It classifies the materials under key headings which reflect the main reasons commonly advanced in promoting land titling and offers a summary of findings, views and outcomes, with comments where considered appropriate. A large number of reports were made available by the World Bank, USAID and other agencies. In most cases, documents reflect different project objectives and do not adopt a standard set of parameters. However, independent evaluations undertaken for USAID by the Land Tenure Center (2002) as part of its interventions in east European land markets, offer a unique set of impact assessments which follow a standard format but also reflect the unique contexts of each case study location.

The review has found disappointingly limited evidence of independent assessments of land titling programmes in urban and peri-urban areas. A notable exception is the large scale assessment of its programmes commissioned by USAID to the Land Tenure Center in 2002, which provided balanced findings and conclusions. It offers a unique set of social, economic, institutional and political impacts assessments which follow a standard format but also reflect the unique contexts of each case study location. It provides an impressively comprehensive and balanced appraisal of successes and failures on different programme and can, in many respects, be considered a model of their kind.

The assessments for USAID made by LTC provide an impressively comprehensive and honest appraisal of successes and failures on different aspects of each country programme and can, in many respects, be considered a model of their kind.

The fragmented nature of sources presented a problem in that the impacts of land titling are rarely assessed as such. They usually form part of a broader analysis (e.g. of housing policies, of land management and administration, etc.), or are discussed from a thematic perspective, which may focus on security of tenure, property markets, services provision or housing finance. As a result, few studies cover the wide range of land titling impacts, or discuss their interactions.

Other documents reviewed have been obtained from a wide range of sources and cover both academic and operational perspectives. What is surprising, however, is that despite the large number of programmes proposed and implemented and the many agencies involved, the number and scope of assessments remains modest in the extreme. In fact, one of the main problems we have encountered in assessing the impacts of land titling is the shortage of independent, first-hand empirical research based on primary sources. There is a considerable disparity on the one hand between the limited number of assessments of titling programmes demonstrating actual outcomes and, on the other hand, the considerable number of statements, critical analyses, or justifications using econometric models claiming what suggest titling *should* achieve.

Our review suggests that efforts made by many institutions to promote titling and enforce titling programmes are not backed by serious ex-post assessments. This situation is as surprising as it is disturbing, since we cannot 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 deliver the expected targets.

3. CASES REVIEWED

The desk review has focussed on titling programmes and projects implemented in urban and peri-urban areas in the context of developing countries. Titling programmes in countries in transition have not been included in this review, although we have referred to some of them, when we have estimated that the lessons learnt could be apply to the assessment of the impact of land titling programmes in developing countries.

We are aware that our review is not exhaustive and that there are many examples of land titling programmes which we have not reviewed. We have focused primarily on examples for which information is readily available and in the public domain. These include seventeen titling programmes or projects that have been, or are being, implemented in urban areas in Africa (Angola, Malawi, Senegal, South Africa), Asia (Afghanistan, Cambodia, India, Indonesia, Laos, Philippines), and Latin America (Argentina, Brazil, Bolivia, Colombia, Ecuador, Mexico, Peru). In addition, lessons from abandoned or cancelled titling programmes (such as the programme jointly initiated by the Institute for Liberty and Democracy and the Egyptian Center for Economic Studies in Egypt) have been incorporated. We have also analysed the content of the discourse legitimating the implementation of titling programmes, even when such programmes are still in their preparatory stage, as in Rwanda, Tanzania or Benin.

Preliminary identification of case studies confirms that completed titling programmes are very few. In addition to the well-known example of Peru, large-scale titling programmes have been completed in Indonesia (the World Bank funded LAP-C1 programme in Jakarta), the Philippines (the ADB/World Bank funded LAMP programme) and Mexico, (the land titling programme managed by CORETT). Some other programmes claimed by their proponents are in fact merely intentions, or are still in their early stages, such as Tanzania and Egypt. It appears that programmes in progress are frequently encountering considerable implementation delays, whilst some others have apparently been abandoned.

A large proportion of programmes are being undertaken at national level, but with a predominantly rural focus, eg Afghanistan (Gebremedhin 2006), Albania (LTC 2002a), Armenia (LTC 2002b), Cambodia (Deutsch 2006), Colombia (Brown 2006) and Thailand (Feder 1989). However, in many cases, these programmes have an urban component which is not articulated separately, even though the contexts and outcomes may vary dramatically. (eg, Kabul, Phnom Penh, Quezon City), or have an impact on urban areas as they cover areas in rural-urban fringes. One aspect of this may be due to the reported fragmentation of land holdings resulting from land titling in rural areas as found in Albania (LTC 2002a:26) where it was found that each family receiving titles held "an average of four parcels, usually not contiguous, which are small in area." An assessment by LTC of USAID investments in Armenia's land markets (LTC 2002b:53) also found that "land privatization has had its adverse effects, creating farms of small land plots that have low economies of scale of agricultural production and do not allow the effective use of land. Such fragmentation may well reduce the viability of agricultural production and encourage farmers in peri-urban areas, to sell parcels for urban subdivision".

Whilst many land titling programmes have been undertaken in rural areas since the 1980s, urban-based titling programmes date mainly from the 1990s. Usually, titling in urban areas is therefore less advanced and documented than in rural areas. Some of the reasons are the complexity of the land and tenure situation in cities, the importance of irregular settlements (area and population), the weaknesses of land administration (lack of cadastre, of registration system, ...), and unrealistic implementation timeframes. The measurable impacts may be significantly different in urban and peri-urban areas partly because of this difference in timing, but also because of intrinsic differences in their social, economic and

cultural milieux. These differences may not be fully recognised or understood by those advocating or implementing titling policies and present methodological challenges to those seeking to assess them.

In a comprehensive review of land formalisation programmes throughout central and South America, Chilevsky (2003:43) reports that 'in Guayaquil, Ecuador, an ordinance was approved in 1994. It authorizes the sale of municipal plots to those who have occupied a house for at least a year. Between 1993 and 2000, 250,000 plots were surveyed, families living there were registered and 103,000 titles were given'. She also cites the case of the Programme 'El Salvador, in which a 'country of owners' was created in 1989 with the objective of contributing to the legalization of property rights. In 1991, the Institute for Freedom and Progress (ILP) was founded to co-ordinate and provide low cost legal solutions to insecure urban land tenure. Between 1992 and 1995, the ILP served 5,203 families living in 62 communities located in 25 municipalities. One third of the municipalities where this programme has been implemented are in the metropolitan area of San Salvador. The limitation of this programme is that it does not cover its costs.

Chilevsky (2003: 45) states that in Mexico, CORETT has been responsible for regularising land tenure in informal settlements. By 2001, CORETT had regularized more than 2,500,000 plots. In the mid-1990s, on average 5,000 hectares were expropriated each year. Between 1974 and 2001, more than 140,000 hectares were expropriated. Until 1999, CORETT was part of the Secretary for the Agrarian Reform and later part of the Social development Secretary. Under the latter, CORETT reduced its performance by half. She goes on to say (2003:46), however, that in Mexico, 'there are many municipalities where there is no cadastre and therefore, there are no owners of the land that could be expropriated and therefore, titling cannot be done'.

Within Peru, by November 2000, 1,049,134 titles had been allocated nationally, 512,581 of which were in Lima. From April 2001, municipalities were again able to give property titles. Nevertheless, COFOPRI continued giving property titles and delivered 126,752 to families between August 2001 and July 2002. In Uruguay the programme to regularise informal settlements occupying municipal land started in 1990. It established that the tenure of all municipally owned land that was occupied by buildings made of durable (long-lasting) materials carried out by organized communities was given to the citizens.

Chilevsky claims (2003:54) that Mexico and Peru have the most successful titling programmes in terms of number of deeds given. Peru has legalized one million plots. In two decades more than 2,500,000 plots have been legalized in Mexico. But there are still more than a million families waiting for titles and that in most countries of the region, regularisation processes have progressed very slowly in relation to needs, whilst in some countries, there are no policies helping women.

Many of the references reviewed make general and often sweeping comments about titling programmes without specifying sources or providing evidence. For example, Adams and Turner (2005:6) state that "titling programs have not automatically unlocked economic growth. Instead, they have often disempowered vulnerable people, embroiled rural people and bureaucrats in innumerable disputes, and tied down substantial state resources. Statutory registration of title has also served to weaken the land rights of tenants and downplay the status and role of women as users of land. Unmarried women, divorcees, and widows, who were ensured at least some user rights under traditional tenure systems, were particularly vulnerable". Whilst these and other writers may well be commenting on the basis of sound personal experience, this is not a satisfactory basis on which to base policy. This review therefore draws on specific examples of titling programmes in order to assess social and economic impacts and gaps in understanding.

Information on all examples is limited and insufficient to enable definitive conclusions to be drawn. However, the review assesses the extent to which titling programmes have realised their objectives or not and the reasons for such achievements or limitations. Extensive use of case studies will be presented both in the text and in boxes.

In urban and peri-urban areas, land titling programmes are pursuing a wide range of economic and social objectives that go far beyond tenure regularisation: development of land and property markets (unify land markets, facilitate property transfers, develop mortgage finance), promote and secure investment, incorporate formal activities within the sphere of formal economy, “empower” the poor, provide security of tenure, improve taxation etc.

Many land tenure regularization projects or programmes have not been inspired by Hernando de Soto’s approaches to titling, although some of the arguments that justify them – especially in urban areas – are borrowed from ILD literature or statements. For example, urban land tenure regularization programmes with a significant titling component have been carried out – sometime successfully – in developing cities during the last two decades (Argentina, Senegal, Brazil, Mexico, many Indian cities, South Africa, etc...). However, following de Soto’s influential work, many governments in Latin America have started land-titling programmes as part of their poverty alleviation policies. The review looks closely at what has been or is being achieved (and not only assumed) in the concerned cities.

4. KEY FINDINGS OF THE DESK REVIEW

The objectives and scope of the desk review, together with the large number of documents processed, makes it important to impose some broad categories within which key findings can be presented and compared. Of course, any such classification is to some extent arbitrary, though the research has distinguished at the outset between social and economic aspects. It is proposed to retain this distinction and to add three more, namely environmental impacts; legal/political/institutional impacts; and others. In practice, impacts will invariably be multi-faceted and where this is considered appropriate comments are made to this effect.

The importance of contextual factors is raised by Lanjouw and Levy, in their study on the impact of land titling on property value in urban Ecuador, when they report that “the benefit of title depends importantly on other features of the environment. For example, in recently settled communities without an organiser, where one would expect informal rights to be relatively weak, title is particularly important. Further, acquiring title has a significantly greater effect on the utility of property ownership for more vulnerable households, so there may be distributional benefits of titling programmes. Together, the results suggest that a titling programme should be targeted at communities with weak systems of informal rights, or at households with limited access to them, if it is to significantly improve recipients’ welfare”.

However, as noted by Kingwill et al (2006:13) “the poor’ are not homogeneous and those in the extra-legal sector should be differentiated according to income and vulnerability status. Formalisation via title deeds may be affordable and appropriate for some, especially those who are upwardly mobile, but can have negative impacts on the security and well-being of the unemployed and other marginalised groupings”. Other authors assume that weak communities are vulnerable to distress sales.

Reviewing four African experiences with property formalisation in order to examine whether they conform to hypothesised mainstream effects, Benjaminsen et al (2006:1) emphasise that, first “the demand for formalised rights must be deconstructed, taking into account the interests of local groups. No formalisation effort is likely to be embraced by all. Second, formalisation represents not only the recording of existing realities, but will often trigger alterations in the rights and institutions themselves. Third, given the generally limited resources of African governments, important trade-offs exist between cost and complexity, and there is often tension between capacity and ambitions”. Although this observation refers mainly to rural tenure rights, it applies equally to urban situations.

A similarly important contextual observation is made by Reuelta–The, (2005:12-13) in stating that “titling by itself cannot lead to economic growth and poverty reduction. Tenure security through titling must be linked to broader development programs for the envisioned social, economic and financial outcomes to be fully realized. An emphasis on post-titling activities is needed to facilitate linkages between government LAM agencies to exploit the benefits of titling and to offer the beneficiaries access to services and finances to develop the land.

Our review has revealed that most existing assessments put emphasis on the impact of land titling at household level, rather than at communal, city or regional level. Particular attention is given also to the economic impacts of titling on beneficiary households, rather than on its macro-economic impact.

Before we assess what the literature has to offer about the specific impacts of land titling programmes, it is perhaps advisable to recognise the historical contexts in which land titles are perceived. For example, Fernandes (2002:212) notes that in the case of Brazil, groups

linked to the Catholic Church regarded “recognition of property titles as a means of promoting long overdue land reform. Moreover, the powerful ideological and cultural implications of the notion of full individual ownership should not be under-estimated. In part due to the country’s unstable economic production and lack of a social security system, land ownership has played a central role in Brazil’s history. To most people in *favelas*, and elsewhere, security of tenure equals individual ownership”. Similar historical and cultural considerations apply also in South Africa, where the overwhelming majority of people had long been denied any legal security or recognition. They understandably demanded the same level of ownership rights after 1994 which had previously been, with few exceptions, the sole prerogative of the white minority. This serves to emphasise that tenure policies do not exist in a social or economic vacuum, but need ultimately to be considered as part of a far wider developmental debate.

In their empirical surveys in Guayaquil, Ecuador, Lanjouw and Levy (2002:988) recognise that titling programmes can have a wide range of social and economic outcomes. They state that “a complete analysis would need to consider the benefit to squatters, costs incurred by recipients and the government, the effects of expropriation on current owners, and general equilibrium effects on land development and on the frequency of invasions”. They assume that their results “provide empirical evidence regarding the first important component – the direct benefit to the recipients of having a formal title. The possible sources are various. Having a title may increase tenure security, which has intrinsic value and also allows households to capture the benefit of durable investments in housing and community assets. By clarifying ownership rights and making them transferable, titling may lower transactions costs in the land market.³ Even for households who never intend to sell, the ability to alienate property may be valuable in permitting the use of land as collateral for formal loans”.

So, should informal urban and peri-urban settlements be integrated into the formal land and housing markets? If so, on what terms and with, if any, protection to vulnerable groups? Cantuarias and Delgado (2004:17), have no doubts: “property rights legally unquestionable and accepted by the market should be granted to squatters and land”. Similarly, Grant (1999:4) claims that “even at the height of the Asian financial crisis the land titling projects remained amongst the investment priorities of the respective countries. At the heart of the matter is the recognition that unless there is confidence in the property market all other development advances are in danger of imploding”. It is this issue which we address in this review and possible subsequent case studies.

4.1 Social impacts of titling

4.1.1 Increasing security of tenure

Perhaps the single most important justification for land titling programmes is that they increase tenure security. Certainly, they transform what was previously unauthorised into a legally recognised entity. However, what does this mean in practice? As many observers have noted, tenure security cannot be considered as a simple matter of legal or illegal, formal or informal status; it is therefore a relative concept and a matter of perception as well as law. As Palmer (1998:86) points out, “security can never be absolute. It can never be measured directly because it cannot be defined objectively. To a large extent, security is what people define it to be”.

Tenure security assessments under customary regimes are made even more complex by the findings of recent research (eg Durand-Lasserve 2005, Durand-Lasserve and Mattingly, 2003) which show that land developments made by customary owners more and more frequently comply with land development norms and standards, thus ensuring some form of

de facto tenure security to occupants and making future upgrading and tenure regularisation easier and cheaper. This trend can be observed in many cities, including Cotonou, Douala, Lome, Bamako and cities of Kwazulu Natal, South Africa.

The existence of de facto security appears to severely restrict the perceived benefits of titling programmes in increasing security. For example, in Lima, Kagawa and Turkstra (2002:60) note that a legal framework (Law 13517) has existed since 1961 that permits the legalisation of informal neighbourhoods. The law “created the feeling among the population that properly planned land invasions had a de-facto land tenure ownership without fear of eviction and that land titles with formal registered ownership could be obtained in the future. Land invasions therefore became much more planned with clear demarcation of parcels (*‘lotes tizados’*), rectangular building blocks, street pattern and space reserved for social facilities. In Peru, land invasions were tolerated, which meant that squatters on state land held informal property rights”. In other words, most squatters felt sufficiently secure without titles to invest in improving their homes and local environments within their limited means prior to the major titling programme launched by President Fujimori in 1996¹¹.

Ramirez Corzo and Riofrio (2005:12) also note that “security of tenure in Peru was generally achieved at the early stages of the upgrading process in today’s consolidated towns”. They conclude, however, that “taking care of the legal necessities of some of the families has been done at the cost of [creating] deeper problems of the city and a worsening for the medium and long term situation of the families living there”. This may be because the integration of titled land into a formal land market has raised land prices and forced poor households into locations which are difficult to service or upgrade even if titles are provided. It is also possible that titling has accelerated displacements.

In a summary of progress in South Africa’s efforts to improve security of tenure based on case study (Mandela Village, Tshwane Municipal area, Gauteng Province), Allanic (2003) notes that “since 1994 all residents have enjoyed *de facto* tenure security. Although most still do not have legal property rights their general attitude is that they are rightful land reform beneficiaries who will ultimately hold an individual title deed to the piece of earth they claim as their own. Nowhere are house construction and property improvements regarded as risk capital outlay. Most individual households regard themselves as possessing de facto ownership rights, notwithstanding the slow pace of actual tenure upgrading via the land reform process”. In a similar vein, Angel et al (2006:14) report that in Mexico “due to the rarity of evictions in Mexico, most homeowners feel relatively secure whether or not they have a title (even if they cite security as the primary reason for wanting a title). Thus, the issuance of titles does not seem to markedly change their perception of tenure security”.

This is not to deny that the prospect of obtaining full ownership of a parcel of land is unpopular, especially if it is free or inexpensive. In their excellent impact assessment of titling in Guayaquil, Ecuador, Lanjouw and Levy (2002:991) found that “all but two [respondents] gave improved tenure security as the primary or secondary reason for their efforts... most households report seeking title to increase their security suggests that it effectively diminishes the threat of eviction. However, we find that even untitled owners are not particularly worried about eviction by the government, at least in the short run”.

Cantuarias and Delgado (2004:8) also report from Peru that “the main benefit of the formalization program is the juridical security given by the property title (according to 62 percent of the titleholders), followed by the possibility of using it as a collateral for a loan

¹¹ In fact, Kagawa and Turkstra (2002:60) quote Calderón (1998) to the effect that land titling programmes have been carried out in Peru for many years and in Lima alone, 200,000 municipal titles were issued during the 1980s.

(32,4 percent of the titleholders). Likewise, 78 percent of titleholders believe that the property title gives more security to the real estate property. Furthermore, this juridical security has improved the quality life of the beneficiary families, specially of women and children.

Intriguingly, these and other examples appear to suggest that land titling programmes are often implemented in countries or cities where residents in unauthorised settlements already enjoy a degree of de facto tenure security, such as Egypt, India, Mexico, Peru, South Africa and Tanzania. In Egypt, for example, Séjourné (2006) reports that between 2000 and 2004 the ILD sought to introduce tenure formalisation through land titling, though occupants in informal settlements already enjoy a sound security of tenure (Sims, 2002). In Benin, where the MCC is going to launch a nationwide land titling programme, Precht (2003) reports that people also enjoy security of tenure.). Thirdly, in Tanzania, the ILD is introducing a citywide land titling programme in Dar es Salaam, (de Soto 2006) in a context where existing tenure arrangements already ensure security of tenure in informal settlements (Kironde 2006).

The most significant challenge may therefore be to assess increases in countries or cities where such de facto rights do not exist. The evidence is surprisingly thin and mixed in both customary and statutory contexts. For example, Unruh (2002:276) raises concerns about the implications on tenure security of replacing customary tenure regimes with individual ownership and states that “significant aspects of customary tenure are bound up in notions of property rights that facilitate risk reduction at the group level, as opposed to enabling capital for the individual—the latter essentially a risk-taking endeavor.... Moving from community or lineage held land via title to individually held land would in many cases destroy customary institutions for this security and insurance”. He concludes “the problem is more complex than giving people title and assuming that individualized tenure and land markets will follow”. In a similar vein, Benschop (2003:3) reports that “in customary areas, [in Sub-Saharan Africa], freehold creates classes of those with and those without land rights, as it cannot accommodate extended family and group rights easily. Where there are numerous tenants in an informal settlement or customary area, freehold often forces existing low-income tenants out of an area, as they can no longer afford the rents, which rise dramatically after titling. Titling without any protective measures/equal land rights has led to exclusion of women and children and created an increasing number of landless (in cases where freehold is still preferred, joint registration deals with this problem to a large extent)”.

Payne (1997:18) notes that “in customary areas, freehold creates a class of those with land rights and a *landless class* as it cannot accommodate extended family and group rights easily”. He also found (1997:46) that “where there are numerous tenants in an informal settlement or customary area, freehold often forces existing *low-income tenants* out of an area, as they can no longer afford the rents, which rise dramatically after titling”.

It has even been argued that one outcome of titling programmes is to *reduce* security of tenure. In a penetrating and critical assessment of their implications for security of tenure as promoted by de Soto, Mitchell (2006:7) claims de Soto says that the problem with informal property arrangements is that they leave people *too* secure, with their rights against dispossession too strongly protected. Outside the West, “the law and official agencies are trapped by early colonial and Roman law, which tilt towards protecting ownership” (de Soto 2000:62). According to Mitchell, “one of the central elements of the reforms that [de Soto] advocates, as Europeans demanded in Egypt in the nineteenth century, is the removal of this protection. Although it applies mainly to rural Egypt in the late nineteenth century, the example provided by Mitchell remains relevant in the contemporary urban context. Property can only be turned into collateral, and from collateral into credit, if rules and powers are arranged to enable creditors to seize the property of debtors who default” (see box on Egypt and land ownership). Later, (p21) Mitchell argues that de Soto (2000:56) “acknowledged that the new property system was about making property owners less secure. People of the

global south remain "trapped in the grubby basement of the pre-capitalist world" not because they have no property, he claimed, but "because they have no property to lose." Contrary to claims and assumptions that titling increases security of tenure, this suggests that it is part of a large plan to *reduce* security and concentrate wealth and property assets in fewer hands.

The impact of property ownership in nineteenth century Egypt (Mitchell 2006:6)

The first thing to note about Egypt is that the remedy the ILD proposes has been tried before. One hundred and fifty years earlier, beginning in the 1850s, a series of laws introduced a modern system of private property, implemented with its own courts, property registers, and mechanisms of enforcement. In most cases these procedures recognized existing claims to the land under Ottoman and local law, but they also made possible mortgages for the acquisition and transfer of land, and as a source of credit for those who wished to use their property as collateral.¹⁵ There followed a "Klondike on the Nile."¹⁶ European capital poured into the country and local landowners and European entrepreneurs invested in new irrigation schemes and land reclamation in the countryside and housing and modern infrastructure in the cities. By the turn of the twentieth century the Egyptian stock market, whose largest share holdings were in mortgage companies and property development, was one of the most active in the world.

The result was a disaster. In rural Egypt small farmers faced rapidly rising prices. Tax payments increased sharply, to cover mortgage payments on the estates of the ruling family. A cattle disease in 1863, which killed most of the country's draft animals, caused further difficulties. To obtain loans to survive such crises, farmers now had to mortgage their own land. Creditors were able to use the new powers of foreclosure to seize the assets of those unable to keep up debt payments. Farmers described the courts that enforced foreclosure decisions as "a machine for transferring the land" from small farmers to the wealthy. Creditors could take possession of not only the fields but also draught animals and ploughs, and could seize or demolish debtors' houses".

Similar experiences of titling actually reducing security of tenure are reported from Afghanistan, where the World Bank (2006) reported a Norwegian Relief Council survey indicating that "in line with the fact that the more valuable the property, the more vulnerable it is to wrongful occupancy, the more formal the documentation the more vulnerable it is to formal dispute and to alteration". According to the survey, "the issue of legal deeds does not seem to be directly related to security of tenure and to the resolution or elimination of property disputes". The Bank concludes that "the more formal the documentation the more it is prone to corruption and to dispute. Security of tenure is not premised on holding legal deeds but is primarily premised on local cohesion and social stability... those living in middle-to-low income properties in older, unplanned, but established settlements in the city seeks to have higher security of tenure".

In India also, protection from forced evictions is not necessarily guaranteed by the possession of land titles. In Indore, India, large-scale evictions were carried out in the late 1990s and a tribunal held after the event reported that "even people in possession of Pattas¹² or land titles were displaced. No notice was given nor were people rehabilitated as promised. Moreover, the Tribunal was witness to the fact that the government would rather appease the builder lobby and well-to-do citizens than the poor of the city" (Sukumaran 1999). Similar problems of the poor benefiting from the allocation of tiles and being

¹² A 'patta' is an Indian form of leasehold land title. It can take various forms. In Madhya Pradesh, for example, there are two types of patta: The 30 year patta (patta 'kha') is given to households who are living in settlements that are to be improved and rehabilitated. The annual patta (patta 'ga') is given to those who are living in settlements that are to be relocated. The patta can be inherited but not transferred. Only residential use is permitted. For purposes of using titles as collateral, only the 30 year patta can be considered eligible.

vulnerable to either forced evictions or market-driven displacement is reported by Banerjee (2002) who notes that in Kolkata “the patta holder has the right to mortgage the patta, build on the land as per municipal byelaws and pass on the land to his/her heirs. Under special circumstances the plot may be transferred¹³ but only after 10 years of getting the patta and if permission is granted by RR Department.... There is indication that poorer refugees have not benefited as much as the better off ones. In spite of restrictions on transfer of land, there is an active and growing informal market for plots. In prime areas commercial establishments and promoter-sponsored high-rise middle class housing are displacing poor plot-holders”.

Market-driven displacements appear to be an increasingly common means of using land titles to reduce security of tenure rather than increase it. Gravois (2005:2) explains what happened in Cambodia. “In places where real estate markets are buoyant, titles turn out to be quite a hot commodity. Too hot, in fact. In June of 2002, for example, the World Bank kicked off a several-year project to distribute over a million titles throughout Cambodia. In Phnom Penh, the capital, untitled land near the city center has been selling for about \$20 to \$30 per square metre over the past few years. Titled properties nearby have been selling for around 10 times that much. For a poor squatter in the middle of the capital city, the promise of a title would seem to be a road to riches. In practice, it's more like a sign taped to his back that says, "Kick me””.

In the nationwide Land Titling Programme which is presently being implemented in Cambodia, Deutsch (2006) observed that in many locations in Phnom Penh, land titles had not been distributed to beneficiaries since 2002. Market driven displacement mechanisms and processes in Phnom Penh and in Kigali (Rwanda), in relation to expected the implementation of titling programme are analysed by Durand-Lasserve (2006) & Republique du Rwanda (2006).

According to Gravois (2005) “In the nine months or so leading up to the project kick-off in 2002 a devastating series of slum fires and forced evictions purged 23,000 squatters from tracts of untitled land in the heart of Phnom Penh. These squatters were then plopped onto dusty relocation sites several miles outside of the city, where there were no jobs and where the price of commuting to and from central Phnom Penh (about \$2 per day) surpassed whatever daily wage they had been earning in town before the fires. Meanwhile, the burned-out inner city land passed immediately to some of the wealthiest property developers in the country. Since then, ... investors have been buying squatter-occupied state land from various government officials in Phnom Penh, who pocket the money, thus looting the land both from the state and from the poor. In other cases in Phnom Penh—and also in Manila, in the Philippines—speculators or middle-income groups went out before titling programs took effect and bought land at slightly better than informal prices directly from the squatters, who happily sold off for a bit of cash. Then the investors just waited for the titling program—and the attendant leap in value and legal security—to come their way”.

Gravois continues “it turns out that titling is more useful to elite and middle-income groups who can afford to bother with financial leverage, risk, and real estate markets. For very poor squatters in the inner city—who care most about day-to-day survival, direct access to livelihood, and keeping costs down—titles make comparatively little sense. These poorer groups either fall prey to eviction or they sell out, assuming they'll find some other affordable pocket of informality that they can settle into. The problem is, with titling programs on the march, such informal pockets are disappearing fast. So, the poor sell cheap or are evicted, then can't find a decent new place to settle, losing the crucial geographic advantage they once had in the labor market”. More and more frequently, expropriations tends to replace evictions. This is one of the major shifts observed over the last few years.

¹³ In Madhya Pradesh state, India, pattas cannot be transferred even after ten years (Banerjee 2005).

In urban and peri-urban areas in Egypt, Sims (2002:82) observes that even “registered freehold ownership does not protect owners entirely from arbitrary eviction. Although the laws of compulsory purchase specify that compensation for properties taken for public purposes should be based on market values, in practice, the State calculates such compensation using an amortisation formula based on the property or agricultural land taxes which apply, meaning that the actual compensation is many times less than the current urban land market rates. In addition, payments may easily be delayed for years, and owners who wish to contest compensation can expect court cases which will drag on long after the property has been taken (2002:93)”.

Finally, in the case of Kigali, Rwanda, the tenure regularisation undertaken following the adoption of the new Land Law in 2005 in a context of restrictive development, planning and construction norms and standards are inducing massive market-driven displacements in informal settlements located in prime urban areas (Durand-Lasserve 2006).

The clear outcome of the evidence is that increased security may be achieved through several means in addition to titling, whilst the provision of titles may actually *reduce* security for both tenants and newly titled owners, given the attraction of the suddenly enhanced values of their assets to higher income groups or others with the motives and ability to take advantage of the changed tenure status. In countries such as Benin, Egypt, India, Mexico, Tanzania, or others where residents of unauthorised settlements already enjoy a degree of *de facto* tenure security, land titling may also serve to reduce such security by exposing households to market driven evictions. This suggests that titles may be more appropriate for communities with weak levels of security, rather than for those enjoying high levels of *de facto* or *de jure* security. Evidence that titling alone had significantly increased security was hard to find.

4.1.2 Social status and integration, inclusiveness

Titling transforms the legal status of an area and a community by integrating them into the formal city. To what extent is this reflected in the opinion residents have of themselves or the perception of them by others? Does social status increase? These questions are not addressed to any great extent in the literature and the evidence demonstrates how complex, and unpredictable, outcomes can be.

For example, whilst titles are considered to have enhanced social status in Lima, in Ahmedabad, India, the Slum Networking Programme¹⁴ claimed that residents in a settlement granted ten year leases actually requested that the local authority issue them with property tax demands as they considered themselves newly legitimised citizens with rights and responsibilities equal even to the city’s mayor, even though they only possessed an occupancy right, not a full title.

In assessing titling impacts on inclusiveness, Cousins considers (2002:4) that “private ownership of land, whether for the individual or the group, contradicts the principles underlying African tenure”. Although he does not provide any evidence, he claims that “it assumes that clear and exclusive boundaries can be defined, both socially and physically. The nesting of rights at different levels of social organization is denied. This means that the inevitable result of titling is to create massive boundary disputes, between adjacent communities and within levels of social and political organization. Rather than integrating the informal settlements into the formal planned city and the marginalized communities into full citizenship, private landownership is therefore held to deepen existing social divisions and segregation”. He considers, finally that titling “would be unlikely to ‘stick’, creating a new gap between the law and realities on the ground”.

¹⁴ ‘Land Rites’ A video film produced by TVE for the BBC World Television ‘Earth Report’ in 2000

In Cameroon, Firmin-Sellers and Sellers (1999:1118) concluded that although the 1974 Lands Ordinance led to the provision of titles in peri-urban areas, “the majority of titles to land have been awarded to state elites (politicians and bureaucrats) and businessmen”. This may not be typical, but does suggest that the beneficiaries of titling programmes may not always be those in greatest need.

Obviously, tenure formalisation may induce long-term gentrification, especially in settlements located near city centres, or other potentially high value locations. This is the case of the Dalifort settlement, a very low income slum area in Dakar, Senegal where tenure upgrading started in the late 1980’s as a pilot project, and which can be considered today as a middle and high middle-income settlement (Barbier 2006, World Bank 2004). What is less clear, as in many other cases reviewed, is if the original residents remain in place and have gradually become middle-income (an outcome which would support tenure formalisation objectives of increasing incomes, security, social status and inclusiveness), or whether the original residents have been replaced by higher income groups who have improved the settlement. This is an issue on which more research is required.

On the basis of the limited evidence obtained for this review, it is therefore difficult to demonstrate that titling programmes to date have had a significant impact on increasing social status or integrating low-income communities into the wider social structure or whether it has induced accelerated gentrification processes within titled settlements, or both.

4.1.3 Gender

Gender is increasingly recognised as a key variable in assessing the social impacts of tenure policy and therefore titling programmes. This is due to the widespread discrimination experienced by many women living within many customary and statutory tenure regimes and the hope that appropriate measures can enhance their rights both in law and in practice. It must be stressed that, while the literature on urban land and tenure issues repeatedly refers to discriminative practices against women in accessing to land, relatively few studies analyse the impact of land titling processes on gender equity, although this is one of the main social objectives put forward to justify titling programmes.

The most extensive coverage of gender impacts of titling programmes is included in the reports published by UN-Habitat in 2005, which provide findings from many countries in Africa and Latin America¹⁵, though other publications also give the issue more attention.

Evidence reinforcing the negative position of women’s tenure rights comes from many countries, but is summarised in the case of Albania, where the Land Tenure Center review (LTC 2002a:28) notes that titles are registered in the name of the head of the family and that this head is “almost always the eldest male in the family. There are some women registered as heads of household, around 5%”. However, this is increasingly being replaced by a more progressive approach in that both policies and laws recognise women’s rights.

On a more positive note, considerable efforts to improve the rights of women are reported from several countries:

- In Mexico, UN-Habitat (2005a:98) reports that “officials in the Commission for Land Tenure Regularisation (CORETT, the national agency in charge of regularisation of informal settlements of *ejido* land), claim that over 50 percent of regularised plots are certified to women”.

¹⁵ See UN-Habitat (2005, 2005a). Case studies include Brazil, Colombia, Lesotho, Mexico, Mozambique, Namibia, Nicaragua and Zambia, as well as references to many other countries.

- Colombia has introduced joint ownership titles (UN-Habitat 2005).
- In Andhra Pradesh, India, the state Land Revenue Code and Social Welfare Department Guidelines for the Implementation of the Land Purchase Scheme for House Sites in 2004 states that land titles “shall be issued in the name of women beneficiaries” (Banerjee 2004).
- In the Peru land titling programme, Angel et al (2006:12) claim that “56% of COFOPRI titles have been granted to women, while only 44% have been granted to men, increasing female participation in the formal sector”. Also in Peru, Kagawa and Turkstra (2002:65) note that “if a household is composed of a couple and their children, both the man and the woman’s names are recorded on the land title to ensure equal rights to the property. If the household is composed of several siblings, all are recorded”.
- In Laos, Land Equity (2006:115) report that “there were practical problems to recording the ownership of a jointly owned parcel of land on forms, but this was identified and the format of the titles was reviewed. Considerable attention is also now being given to informing women of their legal rights relating to land”.
- In Cambodia, Deutsch (2006:ii) indicates that the issuance of land titles under the Land Management and Administration Project is likely to have positive effects on women’s and their family’s welfare, agricultural productivity, poverty reduction and women’s empowerment.
- Finally, Lanjoux and Levy (2002:1013) go so far as to conclude that in Guayaquil, “title is associated with particularly large gains in expected sale prices for female-only households. Assuming these households engender less transfer uncertainty, price changes overstate utility changes for such households to a lesser extent than they do for households with males. Thus our findings suggest that formal property rights confer the greatest utility benefit on households with only women and children”.

These examples reveal a significant and welcome progress in strengthening women’s rights in property, which is to the benefit of wider benefit of society. However, the literature also makes abundantly clear that the picture is not always one of progress and that there is no room for complacency. In Cambodia (Deutsch (2006:ii) notes that “although women enjoy much greater formal rights today, substantial inequalities remain”. He continues, “it appears imperative that the issue of women’s rights to land is given increased and critical attention”. Similarly, Yavari d’Hellencourt et al (2003:37) report in Afghanistan that “despite women’s property rights being protected by the statute law, they are not customarily respected”. They conclude (2003:42) that “ the specific problems of all urban integration of all groups of women (widows, homeless and immigrants) are in urgent need of study”.

A similar picture emerges from Mexico, where procedural constraints remain after policies and laws have been changed. Deere and León (2001:303) contend that women who own land are often disadvantaged in the land titling process because among other things, they have a low level of literacy and do not possess legal documents. Also, to participate in the land titling program in Peru one must be a registered voter and many women are not registered”. Cousins, B et al (2005:3) also record procedural problems in South Africa, where there was a decrease in security for many people of tenure at the Joe Slovo Park settlement in Cape Town. “Ownership was registered in the name of only one member of each household, often resulting in reduced security for women and members of the extended family”.

Further evidence of bureaucratic inertia delaying progress in protecting women’s rights comes from Tanzania, where Byabato (2005:71) undertook surveys in Sinza C, a planned settlement in Dar es Salaam, and found that “about 90% of the properties were registered in the name of [the] husband despite the fact that some of the properties were being owned by

widow households while 10% of the property [sic] were registered in the name of [the] wife. No single respondents indicated to register the name of his/her wife or husband in the legal title document. In other word there were no case of joint registration between husband and wife. This can be attributed by the following factors including, the female households are not aware of joint registration and traditional cultural bias toward women in access to and control over resources particular land and property. This is likely to suggest that when women want to access credit from the bank [they] need husband permission on the aspect using property as collateral despite that fact they both own the property”.

As if legal and procedural factors were not enough to deny women justice, cultural factors are clearly an even more entrenched barrier which will take years, and possibly even generations, to change. In Mexico, the UN-Habitat report concludes (2005a:122-123) with a disappointing recognition that “even if laws could be amended to include express declarations of equality and non-discrimination, deeply rooted behaviours, customs and social norms persist that interfere with their adequate application and enforcement. Such behaviours and attitudes are manifest not only among citizens – both men and women – but also in the culture of the public service. Thus, security of housing and land tenure of women can be doubly threatened by external factors or intra-family conflicts. Awareness of women’s rights with respect to family assets, and mechanisms existing for their defence, are also neglected. The existence of NGOs assisting poor people and women are not enough; even if some of them support self-help housing and community organisation, they can hardly cover legal areas related to tenure, land family assets, housing and urbanisation.

Even in Peru, Calderón (2004:297) notes that “in order for women to enjoy property rights, they must fulfil certain sociological characteristics, within the framework of a prevailing patriarchal culture. Women who are co-owners of a property are usually middle-aged, at which stage it is difficult for them to change their routines and mentalities regarding their ability to repossess their property rights from their husbands; this problem is increased if they are illiterate or with only primary schooling and they live in consolidated homes. In language terms, evidence of the patriarchal culture is the fact that women tend to refer to their husbands as the “principal” owner of the property and themselves as “secondary” owners, when in fact they both have the same rights. This is not a legal gap, but a cultural one. Nevertheless, according to a recent study, the fact that they are co-owners raises women’s self-esteem because they have to be consulted about any decisions regarding the use of their property (Informet 2002). Furthermore, when couples separate, authorities are placing more importance on the marriage bond than on the actual possession of the property (usually, women remain in the house after the separation). This is creating conflicts between men and women over their property. The problem of who should keep the property is prompting many older women to hand it down to their children as an inheritance, which is permitted by tenure regulations (Calderón, Paredes & Quispe, 2002)”.

Similarly, according to WLRSEA (2003), “land titling and individualization in Kenya (a process backed by statutory law, has been found to erode women’s land rights. Formal legal cultures, concepts and institutions are not friendly to women, and outcomes when using them are mixed. Joint titling has helped a few married women who have had access to it, and who are supported by the land administration system”.

Cultural factors operate particularly within the family as Augustinus (2003:27) demonstrates when reporting that “women’s land rights tend to be nested in the land rights of the family. By individualizing the rights when titling takes place women can become landless. Moreover, when the rights are initially created, women, and especially widows, can lose their land rights to male members of the family/household who tend to be recorded as the head of household;

Unfortunately, it is not solely statutory tenure regimes which discriminate against women. Customary tenure practices can be extremely detrimental to women, especially through the non-recognition of inheritance rights. Yet, it is important to consider also that customary systems usually provide some form of protection to women, especially in rural areas. In urban areas, women are extremely vulnerable not simply because of gender discrimination, but because of poverty and living conditions in urban slums, where traditional solidarity networks do not exist. There is therefore a risk of policies aiming at giving equal rights to women being implemented too quickly for social and cultural practices, and particularly attitudes, to adjust. If changes are forced on traditional groups too quickly, they will not be accepted and integrated in cultural behaviours and may therefore undermine what few forms of protection that are in place. A patriarchal society can be expected to delay, obfuscate and impede the implementation of women's rights as much as possible, suggesting that change needs to be undertaken through a variety of channels which can facilitate social change. In other words, land rights cannot be isolated from the legal framework and cultural environment.

4.1.4 Health, Education and Fertility

Few research projects have attempted to assess the health or educational impacts of titling programmes. One notable exception is the survey by Galiani and Shargrotsky (2004) which assessed the effects of land titling on child health in a suburban area of Buenos Aires, Argentina. They conducted surveys of an area in which a group of squatters all occupied land at the same time, but not all had received titles more than twenty years after others had received theirs. In comparing the two groups, they found that the children in the titled parcels showed a positive and significant effect of land titling on weight-for-height (2004:364). They also found that rates of teenage pregnancy were substantially higher in the untitled parcels (20.8%) than in the titled parcels (7.9%). However, they found (ibid:367) no significant differences in height-for-age between children living in titled and untitled parcels. They noted "thus we find differences in the short-run health status in favor of the children raised in titled parcels, but no similar differences for the variable that measures the accumulation of past health outcomes".

In seeking to explain this result, they posit that titled households may have invested in home improvements at a time when their children were young, so the children may not have benefited from titles being provided, but that once such investments had been completed, short-run differences may start to emerge. Of course, this may or may not be found at some later stage, though they admit (ibid:370) that although access to land titles helps families to improve their investments in human capital, "the child effects of land titling seem to be moderate".

Galiani and Shargrotsky also assessed the impact of titling on household size and school performance. They found that untitled households had an average of 6.06 members, while titled households have 0.95 members less (2005:22). This is partly explained by a higher presence of non-nuclear relatives in untitled households and a smaller number of offspring of the household head born after the title allocation. They conclude (ibid:30) that "land titling reduced the fertility of the household heads (especially when treated being young), and reduced the presence of extended family members. Also, these smaller families invested more in the education of their children".

Lanjouw and Levy (2002:994) also found an interesting link between titles and education levels in Ecuador, when they reported that "households on untitled properties have less-educated heads and are far less well off than other property owners". However, since the provision of titles is not always linked to the provision of public services, such as water supply, sanitation and electricity or communal facilities (eg.

health clinics and schools), it is difficult to draw any general conclusions relating to the impact of titles on public health. It is, however, a subject on which further investigation may well be worthwhile, particularly in locations where titles were allocated sufficiently long ago for trends to be measurable.

The impact of land titling on fertility, which may impact indirectly on health and education issues is analysed by Field (2003a). Using data from the nationwide land titling programme in Peru, she underlines the link between land ownership and fertility among urban squatter households. She assumes that “the responsiveness of fertility to titling programs in urban settings is estimated to be large”. Her estimates “indicate up to a 22 percent reduction in fertility for squatter families who received a property title through the government program in Peru.... This evidence supports the hypothesis that female bargaining power, particularly as it derives from the ownership of land assets, matters for family fertility decisions ... If increasing household tenure security brings about a reduction in the productive value of children, either parents are less dependent on offspring for old-age subsistence, or children serve less of a role in securing informal ownership rights or claims to community resources. Both findings suggest that recent efforts to emphasize gender equality of ownership in the implementation of land titling programs could have unexpected influence on demographic transition” (Field, 2003a:23).

4.1.5 Residential mobility, gentrification and spatial integration

An assumed benefit of titling is that it facilitates property transfers in an open and efficient land market. This is certainly the view of Lanjouw and Levy (2002:1011) in stating 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. In general, this limitation impedes the allocation of properties to households who would value them most. It is particularly detrimental to households wanting to move. Further, just as transfer uncertainty limits a household’s ability to sell its property, it limits a bank’s ability to repossess property, lowering the value of property as a collateral asset”. However, they also report (2002:1012) that “most of our surveyed households expect to remain on their properties for a very long time, so the most important welfare consideration may simply be the increase in security that households derive from living on a property over which they feel they have stronger ownership rights”.

Similar outcomes are reported by Gilbert from Bogotá (2002), whilst Angel et al (2006:14) 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”. This suggests that while advocates of land titling may well wish to encourage an active land market in which households use property as a commodity like any other asset and move ‘up-market’ when possible to improve their social and economic status, in practice, newly titled households do not routinely adopt this practice. Instead, they continue to regard their properties primarily as homes and the basis for family and community life. However, observation made by Angel and al about land sales following tenure regularisation of informal settlements located “in desirable areas”, confirmed by observations made about tenure regularisation programmes in developing cities over the last two decades, suggest that informal settlements located in prime urban areas may be particularly exposed to accelerated gentrification following land titling (Durand-Lasserve and Royston, 2002:235-236).

One can refer to three situations in which post-titling sales *do* appear to be significant. In the Joe Slovo Park settlement in Cape Town, Cousin B et al (2005:3) quoted

Jacobsen (2003) who estimated that “about 30% of the new houses had been sold, generally for between R5000 and R8000. Almost all sales were informal, and the formal land registration system had broken down”. These prices are actually lower than the cost of providing such properties and reinforces anecdotal evidence of distress sales by households forced to sell because they are unable even to meet the cost of service charges.

The second case in which property sales have increased following titling programmes relates to situations in which titles have been provided in peri-urban locations to which residents have been relocated from informal inner-city settlements. In Phnom Penh, Deutsch (2006:34-35) found a high level of land speculation, and post-titling land sales in peri-urban areas where poor squatter households had been relocated. He quotes a village chief as stating that “as a result of speculators purchasing and holding land in the area, the population has actually dropped by almost 60% in the two years since land titles were distributed”. Survey responses also revealed that “as a result of speculators purchasing and holding land in the area, the population has actually dropped by almost 60% in the two years since the land titles were distributed”. Similar findings are reported by Khemro and Payne (2004), who noted that in titled areas in peripheral locations “most of the re-settlers have kept their plots but do not live there anymore. Many plots were built with small run-down huts and the doors were locked. The relocation projects are actually increasing, rather than reducing, urban poverty and only a few of the original families remain in the (surveyed) area”. During the surveys, anecdotal evidence also emerged of a demand by some residents in informal settlements for land titles to be granted so that they could sell their plots at an enhanced value and clear their debts, some of which were from excessive gambling. In this case, titling has clearly increased residential mobility and accelerated land transfers, but not, perhaps, for the reasons advanced by their advocates.

The third situation in which post-titling sales appears to have increased is in cases where households are realising the windfall gains of titled properties in locations attractive to higher income households or private developers. Many governments (eg Brazil and India) actually seek to *restrict* sales of newly titled properties in order to insulate communities from speculative pressures. In India, the land titles issued by Madhya Pradesh state government to over 177,000 families provides legal security of tenure but cannot officially be sold or transferred. This constraint restricts residential mobility, though it is not known how many households effect unregistered transfers. It is, however, widely accepted that Power of Attorney is used by households seeking to transfer properties into the open market, though prices in such cases are discounted from full market rates. In Brazil, the provision of the Concession to the Real Right to Use (CRRU) space in the favelas of Brazil is intended to enable low-income households to remain in central urban locations which would otherwise command market values that would be far beyond their affordability levels. Whether higher income groups are also discouraged from buying into such areas due to their reputation for crime and violence is not known.

The literature therefore reveals evidence of two opposing approaches by governments concerning the integration of titled areas into the formal land and housing markets. In some cases, transfers are encouraged, but do not always happen for the reasons predicted, whilst in other cases, transfers are discouraged for social reasons, but again, may not be effective. It is possible that the problem of predicting outcomes may be the result of introducing dramatic and sudden changes to property values, or attitudes towards property which do not reflect the priorities or needs of the groups affected. This lies at the heart of the issue as to whether it is preferable to effect a complete transformation of the legal and economic status of informal land into the legal and formal market, or whether a more incremental approach may be more effective.

Evidence concerning spatial integration suggests that over-complicated administration, combined with restrictive zoning and development norms registration procedures, are

making tenure regularisation impossible for those applicants who cannot pay for bribes or have no connection within the local and central administrations in charge of land administration and management. This may impact negatively on security of tenure, and result in accelerated market-driven displacements. This is illustrated by the current implementation in Rwanda, of the new Land law, adopted in 2005 (Republic of Rwanda, 2006), which introduced the principle of private property of land. Nearly 80 percent of the population of the capital city, Kigali, are living in informal settlements on subdivided customary land, or on squatted government and municipal land. Under the new Land law – which does not recognise customary ownership – house owners in informal settlements can apply for a land title, and become full owner of the plot of land they occupy. However, access to land ownership is permitted only if the plot of land is more than 300 square meters. This excludes from the benefit of tenure formalisation nearly 50 percent of the population of Kigali.

In summary, whilst the evidence is limited, titling does not appear from the literature to have either accelerated the integration of informal settlements into the formal market in ways which have benefited the poor in the ways intended, or to have protected them from exploitation.

4.2 Economic impacts of titling

Measuring the economic impacts of land titling programmes is not easy. In 1996, the World Bank noted that “land registration and titling projects have not so far been required to calculate an “economic rate of return” before submission to the World Bank Board. This is because there have been few economic studies of the economic benefits of land titling, especially in urban areas” (World Bank 1996:15).

The literature elsewhere is also disappointingly thin in terms of independent assessments. Although the expected economic impact is massive as indicated in Peru’s case by Graglia & Panaritis, (2003:4): “One hundred and fifty thousand informal properties entered the formal economy in approximately a year and a half. Comparing this number to historical precedents in Peru is difficult, as few official statistics exist. Considerable research by Panaritis, however, revealed that the total number of properties formalized under the previous system—since the end of the 19th century—was only 180,000. The program could unequivocally be considered a success. Its mandate was expanded to formalize all urban properties in 1998. To date, 3 more than one million properties have been successfully integrated into the formal economy. The potential exists for billions of dollars in assets to eventually enter the capital markets”. This section of the review explores this issue in more detail.

4.2.1. Investment in housing/property

The superior tendency of land titling to stimulate investment in housing and property development has been advanced as a key factor in promoting titling rather than other forms of tenure. This is on the assumption that households will only invest in property improvements if they own their assets and that such investment will be protected in law.

As such, evidence concerning the impact of titling on investment constitutes a key issue in assessing titling projects and programmes. As Field (2005:289) states “an estimated 10% of the global population is housed in urban squatter settlements where tenure security is very low. The issue also has significant policy relevance in light of the growing number of urban land titling programs in developing countries. Despite the absence of empirical evidence, property titling is increasingly considered a critical instrument for generating investment in urban slums (Biswanger and Deninger 1999)”. Field concludes that her research survey results “lend empirical support to this motivation”.

However, this lack of evidence has been partly rectified by data collected after the implementation of the Peruvian land titling programme. For example, Cantuarias and Delgado (2004:9) state that “the Base Line Survey of COFOPRI (ELB) suggests preliminary conclusions regarding the effect of property titles on home investments: (i) 75 percent of the population with property titles has invested to improve their homes versus a 39 percent of persons without property titles; (ii) between 1994 and 1999, the number of rooms per house increased in approximately 20 percent within the target sector; (iii) families with property titles have more rooms in their homes; and (iv) the families with property titles have better quality homes. Furthermore, the qualitative survey of the real estate market ordered by PDPU, found out that people from NSE C and D considers that the property title increases the value of their property between 20 percent and 30 percent”. However, these conclusions should be treated with caution. COFOPRI is the implementing agency for the land titling programme, and whilst the authors emphasise the success of the Peruvian land titling programme, they do not give details about the COFOPRI survey methodology.

Nonetheless, given that the most widely implemented and reviewed programme is that undertaken since 1996 by COFOPRI¹⁶, and research papers by Field have been widely quoted as evidence of the successful impact of land titling programmes in increasing tenure security, investment in home improvement and poverty reduction, her papers provide a useful starting point for any review addressing this issue.

In her 2005 paper, Field compares the change in housing investment before and after the program among participating households to the change in investment among two samples of non-participants. Her results “indicate 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. The bulk of the increase is financed without the use of credit, indicating that changes over time reflect an increase in investment incentives related to the lower threat of eviction”.

There are several important points in the above quotation. First, it is hardly unexpected that “strengthening property rights in urban slums has a significant effect on residential investment” and this observation is supported by virtually *all* observers of land tenure and property rights. What is significant is that she is not claiming that titling per se is the means of encouraging such investment, but increased property rights, a much more modest claim than those advocates who support titling are prone to acknowledge. In other words, whilst increased rights may be expected to increase investment, the key issue is to what extent titles are *the only* form of rights which can achieve this objective. Significantly, other observers of the situation in Peru (eg Calderón 2004:298), note that “when poor urban families feel secure about staying in the dwelling they occupy, in other words they know they will not be evicted, they are more likely to invest in housing construction and to establish contact with public or private service companies to obtain water, sewerage and electricity connections. Historically, this certainty of not being evicted was obtained during the mid 1960s, after a national law was published in 1961 legalising the land invasions that had occurred prior to 1960. Subsequently, every time a new amnesty law benefits squatters and the State officially recognises the settlement, people invest in their houses and establish connections with companies providing services. In other words, a title deed is not necessary for improving the settlement; it is enough to have a public guarantee recognising the settlement and ensuring that they will not be evicted”. The relationship between tenure and investment is certainly not simple. In fact, anecdotal evidence (McAuslan, private communication) suggests that in Albania, many households invest in substantial

¹⁶ Commission for the Formalisation of Informal Property, established by the government of Alberto Fujimori

constructions because they *lack* formal tenure and are therefore seeking to create de facto security through facts on the ground.

Secondly, Field acknowledges that “the bulk of the increase is financed without the use of credit”; in other words, whilst increased property rights have increased investment, they have not increased access to formal credit, a key assumption by advocates of land titling programmes.

Thirdly, Field accepts that “changes over time reflect an increase in investment incentives related to the lower threat of eviction”. She does not report if the levels of increased investment over time by households in older established untitled settlements has also increased. Yet as Calderón demonstrates, such investment has been observed throughout squatter settlements in Lima.

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 suggests it is simply one of several effective means.

Further evidence in support for titling is presented by Galiani and Shargrotsky (2005:21) in their study of Buenos Aires. They conclude that “moving a poor household from usufructuary rights to full property rights substantially improves housing quality. The estimated effects are large and robust, and seem to be the result of changes in the economic returns to housing investment induced by land titling”. The landowning families invested more in their homes, which had noticeably better walls and roofs. They were also more likely to lay concrete pavements. However, the Economist (August 2006) acknowledged that results of the Galiani and Shargrotsky (2005) experiment in Buenos Aires are mixed, but noted that “secure land rights do encourage the poor to build their nests. But even in a relatively advanced country such as Argentina, title is not enough in itself to animate the dead capital interred in land and property”.

A key issue posed by the Galiani and Shargrotsky study relates to the significance of titling as a means of increasing investment in property and achieving other intended benefits such as access to credit and public services. For example, in Colombia, the Constitution entitles all citizens to access public services on the sole condition that they can pay for them¹⁷ and levels of investment appear high in informal as well as formally titled areas. Similarly, in countries where the threat or perception of eviction is minimal or non-existent, such as Turkey and Trinidad, Egypt, Morocco and West African cities appear willing to invest whether or not they have formal tenure status. In other words, it may be the *perception* of security and relative benefits of increased property rights which exerts a greater degree of influence over levels of investment and other benefits than titles per se. A key research question might therefore be to ask what tenure forms are sufficient under different conditions, to promote investment and access to credit, given that even households with longstanding titles in Buenos Aires only enjoy minimal improvements?

In Cambodia, Deutsch (2006:39) reports that “the empirical evidence gathered does not show a strong relationship between respondents’ perception on security of tenure and new investments made. However, such investment is also dependant on other factors such as household income level and savings and priority-felt needs for upgrading the dwelling unit. Of the households that made investments to their property in upgrading, 70% said that they would have done the improvements to their property even if they had not received the new land title”.

¹⁷ In another example, the Draft Slum Policy of India states that “households in all urban informal settlements should have access to certain basic services irrespective of and tenure or occupancy status” (GOI 1999, quoted in Banerjee 2004).

The Cambodian experience raises an issue of wider significance. For example, many of the households receiving titles in Phnom Penh did not receive their titles on inner city plots which they had been occupying previously, but on newly developed slum relocation settlements some ten kilometres or more from the city. Similarly, in Delhi, Kundu and Kundu (2005:12-13) report that “the most important decision of Delhi government in the context of tenurial security to poor pertains to giving plots to the migrants coming during 1991-98. In May 2000, the government declared its slum relocation policy, explicitly stating this provision. It stipulated land titles to be given on a freehold basis, not at the present location but in resettlement sites that are generally located at long distances from the city centre. Given the generally unfavourable policy environment, even this declaration has been welcomed by the poor”. They continue, (p18) “a section among the slum dwellers have sought and have been provided an alternate location in the peripheral villages or townships, resulting in peripheralisation and marginalisation of the poor”. They conclude (p19) by expressing concern that “this objective of making Delhi a global city would necessitate more and more land to be made available for the modern commercial and industrial ventures”.

This raises two key issues for the assessment of land titling programmes where they are undertaken as part of slum relocation policies. First, it suggests that the integration of informal land markets may not benefit the poor unless they involve the provision of titles in situ. Secondly, it suggests that comparisons of investment levels in titled and untitled areas cannot be made if relocation is involved, since the threat of such relocation to residents in untitled areas will inevitably adversely affect decisions on housing investments.

Banerjee (2004:7) reports from India that “there is no doubt that in all the three cities (Delhi, Bhopal and Visakhapatnam) tenure security has stimulated considerable investment in shelter consolidation. This has been in terms of use of more permanent materials of construction, increase in dwelling space and improved on-plot services”. She continues “in Bhopal and Visakhapatnam there was a sudden spurt of building activity immediately after pattas were distributed in settlements that were earlier slotted for removal. This was seen in Bhopal in all settlements with annual pattas and also some with 30-year pattas and in Visakhapatnam in slums classified as ‘objectionable’. Such a reaction was not seen in settlements that were listed for in-situ improvement and were not under threat of removal. In such settlements interviews of residents two years after patta distribution showed that patta was not considered important for changing their security of tenure. Some families could not find the patta document, and others produced tattered documents (Mitra, 1989; Banerjee, 1999b). This indicates that tenure regularisation leads to quick investments when there is a big jump in security of tenure from the impending threat of eviction to the right to occupy land”. However, it also shows that where residents do not consider themselves at risk of eviction, tenure status may be a marginal influence on levels of investment. In surveys of squatter settlements in Port of Spain, Trinidad and Tobago, Payne found that when residents were asked to list their ten biggest concerns, none of the groups mentioned tenure insecurity, mainly because evictions were virtually unknown.

Whilst perceptions of security exert a major influence on decisions to invest in home improvements, Banerjee (2004: 8) also identifies other factors. She found that “an interesting observation in Bhopal was that in settlements with 30 year pattas, investment was higher on plots that were larger than 50 square meters and therefore not eligible for patta. They invariably belonged to the local power elite, who enjoyed the protection extended by higher echelons of political parties and the security of being in a settlement with pattas (Mitra, 1988)”. She also cites Risbud (1999), who found that in Delhi public investment in improving services was perceived as a safe condition for family investment in building. However, pattas did not stimulate investment in houses in risk areas such as beach, steep slopes and flood prone locations, suggesting that legal tenure has not guaranteed safe investment in such situations.

Kessides (1997:11) 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”.

According to Angel et al (2006:14) in Mexico “because property is relatively secure even without titles, 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”.

On a more general level, Bromley (2005:5) argues that “the fascination for titles springs largely from the utopian idea that a title will give those who now live in slum dwellings an incentive to invest in those dwellings—to upgrade them. However, economic theory suggests that if slum dwellers have sufficient discretionary income with which to improve their sorry surroundings they would be smart to use that income to acquire better housing elsewhere. This follows from the realization that it is impossible for individuals to recover the investments in home improvements in neighborhoods that are themselves blighted and unpromising. Housing values are dominated by location, and a newly refurbished house in a blighted area will be regarded as a bad investment by a potential buyer. Many buyers seek the worst house in a very good neighborhood, not the best house in a very bad neighborhood. The logic is clear. Incremental improvements in the bad house will quickly bring it up to the standards of the neighborhood. The best house in a bad neighborhood is continually burdened by its surrounding. We must not forget that there is nothing automatic, mechanical, about titles leading to home improvements”.

The clear conclusion from the evidence is that titling is one of many means of encouraging investment in housing and land, though by no means the only one. The evidence has not always confirmed that in cases where investments in property improvement have been made following the provision of land titles, that such investments have been made by the original residents or others, such as private sector investors or new households replacing the original families. Whilst either may increase the conditions and values of property, the social impacts could be very different. This is another aspect on which additional research is required.

4.2.2 Property values and costs of access

A 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.

Using data collected by COFOPRI, the implementing agency of the Peruvian titling programme, Cantuarias and Delgado (2004:9) state that in Peru “the marginal impact of a property title in each piece of land is approximately US\$925. If it is considered that the average value of each lot with no property titles in the study is approximately US\$3,680, this represents an increase of 25 percent or, put it in other words, a minimum impact of US\$523,120,800”. A significant increase in land values of titled properties, compared with untitled ones, is reported by Lanjouw and Levy (2002:988), who found in urban Ecuador that “having title is associated with a sizable increase in the expected market value of their properties – on average 23.5% of untitled property values. Some part of this increase will simply reflect buyers’ willingness to pay more when a transaction takes place with the added certainty of formalisation. Thus it should be seen as an upper bound on the gain in utility derived from ownership of the property”. Again, Angel et al (2006:11) state that in Peru “studies have shown that property values increased an average of 25% of their market value after titles were issued”.

In Jakarta, Dowall found that residential plots with clear title sold for a 45 percent premium over comparable plots without clear title and in Manila the risk of eviction is considered to lower the value of housing units by 25 percent (Dowall and Leaf, 1990; Dowall, 1998), whilst in Davao, Simon found that land values increased by 58 percent after titling. What this evidence also suggests, however, is that the lack of formal titles is a price which the urban poor pay to gain access to residential plots which they could otherwise not afford. Burns (2006:4) cites earlier research by Dowall and Leaf (1989) who interviewed land brokers in 128 districts of Jakarta and determined that registered land was up to 73% more valuable than similar land held by a weak claim. Mitchell (2006:17) quotes Alston, Libecap and Schneider (1996) who report that in Brazil “a property titling program led to a doubling in the value of land”. Another study found an increase of twenty-five percent, and other estimates fell between these two figures”.

In Cambodia, Deutsch (2006:iii) reports on a beneficiary survey of titled households that “there was a fairly strong perception among respondents from all areas that there had been an increase in land sales since the distribution of the new land titles (24%), and an even stronger perception that land prices had increased in the post-titling period (66%). There was also a strong feeling that the new land titles had improved confidence of both buyer and seller in the land market, 93% stating they would be willing to pay more for land that had an official land title, and 83% stating that the new land titles had made it easier to sell land”. Deutsch also reports that “about 29% of respondents stated that they perceive changes in land use since the distribution of new land titles. The main change observed was conversion of agricultural land to residential land”. He also observes (2006:49) that in Phnom Penh, there was a high (78%) perceived increase in accumulation of land ownership since titles were distributed and that this is was a result of speculation.

Whilst the report confirms significant benefits to entitled households, it does not state the reasons why land prices have increased, or the motives for such increases. However, it is clear that some households are using their new titles to convert peri-urban land to residential use and this could well explain in part the increase land values realised.

From these examples, the evidence suggests that price increases of 25 percent are common following the provision of land titles, and in some cases the increases are even higher. Of course, increases in land values are beneficial to owners planning to sell land, but less so to those seeking to acquire it, as average incomes do not increase at similar rate at city level. There is also anecdotal evidence that the ability to sell land more easily and at a higher price may in itself be a motivation for seeking land titles by some households. What they do with the capital acquired would make an interesting research study, since they will presumably need to obtain an alternative parcel of land either by paying an enhanced price for titled land, or occupy land informally and thus increase the growth of informal settlements.

This point is taken up by Mitchell (2006:18), who accepts that titling programmes invariably result in increase property values but questions if the benefits of such programmes are to everyone’s advantage. He 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. Such investment simply draws existing capital away from more productive ventures, exacerbating broader problems caused by the lack of investment in activities that create employment. 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 rising cost of land makes future housing more expensive. It now carries the premium of paying the income of speculators and rentiers. So those saving in the present for a house they hope to build in the future must work harder and longer and save more funds. The outcome is an intergenerational transfer of wealth. Large owners and speculators gain immediately from the increased value of property. Small owners of property see no benefit from increased values. The gains of large owners and speculators are paid for by a future generation of

owners, who face the prospect of paying increasing amounts for housing". He concludes (p25) "de Soto's plans envisage a vast creation of wealth, by the transformation of so-called dead capital into live capital. In practice, the evidence suggests that this will produce not live capital out of dead, but a transfer of wealth from the less affluent to the more secure, and in particular serve to enrich the more prosperous among the present generation at the expense of the future poor".

Finally, Payne (1997:18) claims that whilst a large proportion of people have benefited from titling programmes "a significant and permanent under-class may be created. In some cases specifically targeted state action is initiated to protect the basic needs of such groups, though this excludes many in need and creates dependency on those receiving benefit. Where subsidies are used to enable low-income groups to obtain freehold title, there is evidence of widespread 'downward-raiding' as occupants realize the true market value by selling to higher-income groups. It can be argued, of course, that such 'downward-raiding' reduces market distortions by integrating plots into the market at their 'true' value, though once an area is converted to higher-income occupation, it may become more difficult for low-income households to obtain housing in areas originally intended for them".

The literature therefore broadly supports claims that titling increases property values, though it is clear that this is good news for those selling, but equally bad news for those buying now or in the future. Even for those selling, the increased price of land will create a ripple effect that raises prices for other parcels sellers may purchase, partly negating the benefit. A further consideration is that as land and housing prices rise, so access for future households becomes more expensive, excluding future households from areas presently available to them and even excluding the children of property owners in cases where inheritance taxes reduce the ability to pass property from one generation to another. Under such conditions, any increased asset values resulting from titling may represent an inter-generational transfer of resources from future generations to the present.

4.2.3 Access to (mortgage) credit

The ability to use property titles as collateral in accessing formal credit is widely considered as 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 (2005:2), who observes "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: (1) start a business; (2) upgrade a dwelling; or (3) 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 programs from the international donor community, or even the aid of national governments. It is simple, cheap, and effective".

Predictions about increased access to formal credit following titling are certainly ambitious. According to Panaritis (2002:13-14) "Alberto Gonzalez, product manager for Banco Sudamericano, expects mortgage portfolios to expand by 5 to 10 percent within the [Peruvian] banking system in 2001, with much of the growth generated among lower-income groups whose household income ranges from \$200 to \$300 a month. . . . Such customers tend to be less sensitive to political volatility than upper-income families, and better risk assessment "allows us to look at new kinds of clients," Mr Gonzales says. Sudamericano hopes to increase its mortgage business by 10 to 15 percent this year". At the end of 2000, U.S.\$25.3 million was used for RP and COFOPRI; by the end of 2003, the total is budgeted to grow to U.S.\$38 million. By that time, Banco Sudamericano will have released almost as much capital into the hands of Peruvian citizens who were previously unable to obtain such loans—and at a lower interest rate than was available before. It does not seem unreasonable to assume that by the end of 2003, with hundreds of thousands of other

properties formalized, more mortgages will be granted, more bonds will be issued and international capital will be flowing into Peru. A direct result of increased transaction volume, or thicker markets, is that the quality of information about parcel price will improve. Asymmetries of information between buyers and sellers will progressively diminish, and the poor will be able to use their resources at increasingly fairer prices. Their capital will be resurrected.”

Apart from the intriguing comment that the poor represent a better risk than high-income families, this suggests that the financial system in Peru is gearing up to meet an anticipated massive increase in demand for formal credit from the newly titled poor. Certainly, land is recognised as a common means of securing mortgage and Land Equity (2006:53) cites World Bank reports that 95 percent of commercial bank loans to businesses in Zambia are secured by land, in Indonesia 80 percent, and in Uganda 75 percent. A more pertinent question in terms of the impact of land titling programmes, however, is their impact on access by the poor to mortgage credit. The outcomes appear on balance less impressive than the forecasts, though reports vary.

Taking the well-known and influential example of Peru first, Cantuarias and Delgado (2004:10) report that “(i) the number of mortgages registered has increased 106 percent from 2000 to 2003, being the yearly increase of 10 percent, 45 percent and 28 percent respectively; (ii) mortgages amount increased from US\$66 millions in 2000 to US\$136 millions in 2003; and, (iii) from total amount of mortgages constituted between 2000-2003, 80 percent were constituted in favor of private entities within the Formal Financial System. Credits granted by the formal financial system, have increased by 47 percent in 3 years (December 2000- December 2003), from US\$ 249 millions to US\$ 367 millions; while the number of credits granted has grown 53 percent in the same period (from 154,000 to 235,000). Despite this success, only 45 percent of the initial potential market was reached (people demonstrating their income and having property titles)”. They state that “the total number of mortgages constituted between 1999 and December 2003 is approximately 65,000”, representing an average of approximately 13,000-15,000 a year, a somewhat modest level compared to the scale of the programme.

Panaritis’s work implies support for the ambitious projections of increased access to mortgage credit. Her studies in Peru claim that and 45 percent of property owners with recently formalized titles have solicited loans (Panaritis 2001b:12, 20, 22). “The good—in this case the service of property-right formalization—meets the needs of people who previously did not enjoy an enforceable claim to their property. This is an increasingly large group that includes both the poor and the middle class”. Two qualifications would appear in order concerning these claims. First, that the owners of recently formalised land have *solicited* loans, as opposed to actually obtaining them, and secondly that demand is from “both the poor *and* the middle class”. No evidence is provided concerning the relative proportions of these two groups.

Very different outcomes to the predictions are cited by Field and Torrero (2006) who found that the odds of titled households obtaining a private loan did not improve and more than a third could not get a loan or would not take one. In particular, they found that although loan approval rates from the government Materials Bank were 12% higher when titles were requested¹⁸, “there is no evidence that titles increase the likelihood of receiving credit from private sector banks” (2006:1). They continue that private banks “are not using property titles to securitize loans”.

¹⁸ Field and Torrero note (2006:3) also 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”.

This evidence is of considerable importance since the Materials Bank was established by Government primarily to allocate loans to the poor and therefore operates under a different operational criteria than a private bank has to impose. Field and Torrero do not mention that the Materials Bank suffered significant default rates on its loans¹⁹, a level no private bank could sustain. Given that the Peruvian experience has been widely promoted as the world's most large scale and successful example of land titling programmes in reducing urban poverty, this suggests that in countries where access to formal mortgage credit is only available through private banks, titling may not necessarily increase access to such credit.

According to Angel et al (2006:12) in Peru "COFOPRI has attempted to link titled beneficiaries to credit institutions by organizing presentations by credit providers in newly-formalized communities. However, 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". This overlooks the point that titling is promoted as a means of reducing poverty.

An equally negative assessment is provided by Gravois (2005:1), who reports that "in various parts of the Third World, newly legalized squatters on the outskirts of cities are discovering that a property title supplies little of the benefit de Soto projects. Government studies out of de Soto's native Peru suggest that titles don't actually increase access to credit much after all. Out of the 200,313 Lima households awarded land titles in 1998 and 1999, only about 24 percent had gotten any kind of financing by 2002—and in that group, financing from private banks was almost nil. In other words, the only capital infusion—which was itself modest—was coming from the state. Reports from Turkey, Mexico, South Africa, and Colombia suggest similar trends. 'In Bogotá's self-help settlements,' writes Alan Gilbert, 'property titles seem to have brought neither a healthy housing market nor a regular supply of formal credit'".

Elsewhere, the impacts of titling on credit appear equally modest. In Argentina, Galiani and Shargrodsky (2004, 2005) compared the impacts of titling in otherwise identical settlements, one titled and the other untitled²⁰. A key variable for their study was the impact of titling on investment levels and access to credit. In the latter case, they found that whilst no households without titles had obtained a mortgage, the figure for those with titles was only slightly higher at 4 percent.

The Economist newspaper, a longstanding supporter of titling, has more recently (August 2006) moderated its support in recognition of the findings of the surveys by Galiani and Shargrodski, together with and Field (2003a.2003b, 2005). The Economist leader accepts that "poor people with title are no more likely to obtain a loan from a commercial bank. There are two sets of reasons for this. Informal entrepreneurs will tell you that their property is too

¹⁹ Kagawa and Turkstra (2002:68) report that 25 percent of residents who currently have loans from Banco de Materiales are said to have defaulted, since they are either unable or unwilling to repay. They state that "Banco de Materiales identifies the latter reason as due to COFOPRI because it, and RPU have given land for free, giving the beneficiaries the illusion that anything given by the state is for free and therefore there is no need to pay back".

²⁰ A key feature of the studies by Galiani and Shargrodsky is that the residents of San Francisco Solano, in the County of Quilmes, Buenos Aires Province, is that "at the beginning of the occupation, both groups share the same household pre-treatment characteristics. Since the decision of the original owners of accepting or disputing the expropriation payment was orthogonal to the squatter characteristics, the allocation of property rights is exogenous in equations describing the behavior of the occupants". (ibid:3)

valuable to put at risk as collateral. By renting a room or putting up relatives, the home may provide income or services, as well as shelter. Quite apart from the risk of a failing business, the poor face the threat of natural disaster or abrupt political change, for example, which makes them reluctant to take on debt. On the other hand, commercial banks in many developing countries are slow to lend to the poor. They worry that judges will fail to seize the homes of poor defaulters”.

Undaunted by the modest impact of titling on access to formal credit, the Economist leader writer observed that it was “disappointing, but not surprising”. It continued, “Argentine banks tend to lend only to workers with high wages and a stable job. Titled or not, the former squatters still fell well below the official poverty line. The cost of making and enforcing a loan contract might exceed the modest sums they were able to borrow. Others say the experiment might be too recent to deliver a conclusive verdict. The government did not allow the newly entitled families to transfer their land for a decade, thus by the time they answered the economists’ survey in 2003, they had enjoyed full rights to their property for seven years, not 17”.

Since three more years have now elapsed since this study was completed and the time restriction on transfers has now expired, this suggests that a further survey of investment and access to mortgage credit in Peru is justified, especially the Economist leader claims that “the World Bank’s own studies show that mortgages worth \$136m were approved in 2003, compared with \$66m three years earlier” and that “formal credit increased from \$249m to \$367m in the same period”. According to the Economist “the Bank notes the difficulty in showing why this happened”. It is possible, of course, that little of all this increased credit was made available to the poor if the sample surveyed by Galiani and Shargrotsky in 2003 is typical. Since this is the very programme which has been hailed internationally as the embodiment of claims that titling can enliven dead capital by enabling the poor to use their properties to access formal credit and lift themselves out of poverty, such a follow-up study would appear to be important to clarify the economic impact of titling on access to credit.

The evidence from other countries does not lend support to claims that titling has a significant impact on access to formal mortgage credit. A survey of several African countries by IIED (2006:12), notes that “while more research is required, there is no evidence in the case studies that poor groups seek to use land titles as collateral. The risk of losing land is felt to be too great, and employment and income are key factors to obtain loans.... There is little evidence that smallholder farmers or low-income urban residents use land titles to secure capital. Only distress sales of land are common and security of tenure is sought above capitalization of assets”. Within Tanzania, a survey of Sinza C, a planned settlement in Dar es Salaam by Byabato (2005:72) found that “80% of households interviewed would not seek formal credit from a bank if they had to use their title deeds as collateral. The main reason was that they feared losing their prime asset – their property”. One of the respondents had this to say, “I don’t have a formal job to do, and therefore, a house to me means everything because there is available space to grow crops and running small business”. I have five children and other family members who depend on this shelter”.

Angel et al (2006:15) report a lack of increase in access to mortgage credit from newly titled households in Mexico, where they report that “although a title is a necessary precondition for access to loans in the formal market, utilization of credit does not appear to be widespread among regularized communities, even after titles are issued. They also report a lack of take-up from 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

An equally sobering comment is provided by McAuslan (2006:10) 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". This suggests that the poor are as reluctant to borrow from banks as the banks are to lend to the poor, irrespective of whether applicants possess titles or not.

Mitchell (2006:15-16) reviews the alleged benefits of being able to use property as collateral for loans and states that "the evidence available shows there is little or no positive impact. If those with informal property seek title, it is not to risk it in taking out loans. The titling program the ILD itself devised and managed in Peru, the largest to date, demonstrated this clearly. Four separate studies of the program found that it had no discernible effect on the supply of business credit. As one study concluded, "loan acceptance rates of both standard commercial banks and informal lenders are unaffected by residential ownership status. A large property titling program in Thailand was also found to have no effect on the likelihood of receiving bank loans". Mitchell also concludes (2006:22-23) that there is an "advantage of informal savings and investments over using real property as collateral for credit. Such saving and investment has several advantages over using real property as collateral for credit. First, it draws savings into productive activity rather than real estate investment. Second, it is typically controlled by women, who are more likely than men to direct income towards the basic needs of children and the household".

According to Mitchell (2006:10), "the main argument presented in the [de Soto 2000] book is a passing reference to the idea that in the United States many people launch small businesses by borrowing funds using their homes as collateral. How significant is this source of credit? De Soto cites no evidence for the claim, and the data available on small business credit in the U.S. does not offer much support. Among very small businesses, forty percent borrow no funds at all and the most common source of loans for those that do is a personal credit card". He concludes (p13) that "all owners would prefer their homes to be legal, but not because they plan to use them as collateral. Legal housing does not carry the expense of the frequent summonses and fines imposed on unlawful construction, and may be easier to connect to the water and electricity supply". Later (p19), he accuses de Soto of arguing that property "can only be turned into collateral, and from collateral into credit, if rules and powers are arranged to enable creditors to seize the property of debtors who default". In this way he implies that access to credit is raised as a temptation to lure people into accepting a prize that might lead to their ruin.

Using the example of Egypt, Mitchell (2006), assesses de Soto's impact by claiming that "Egyptian reformers used de Soto's arguments to help push new economic measures through parliament, including a mortgage law, a property titling program, and new rules for licensing small businesses. The ILD helped draft the laws, along with a public relations campaign to win political support. The outcome of the legislation, as we will see, was uncertain, but the public relations campaign was an immediate success. *Forbes Magazine* (*Forbes* (2004) published a story in February 2004 predicting that the country's new laws would "dramatically transform its economy into a wealth-creating, wealth-distributing dynamo that will lead millions of Egyptians into a vibrant, increasingly democratic middle class." The country was poised to become "an economic miracle rivalling Ireland or Hong Kong," the magazine's editor wrote—adding that in doing so "Egypt will deal a devastating blow to global terrorism".

According to Ho and Spoor (2006:583), the limitations of using titles to increase access to credit, and the dangers to which this exposes the poor, have recently been acknowledged by the World Bank, which they claim as stating that "there may be many circumstances where formal titles will 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 households who have defaulted on credit would deprive them of the basic means of livelihood and may not be socially desirable which is essentially the reason for customary systems restricting the marketability of land.

Even where formal law decrees that land should be fully tradable, such legislation may be impossible to implement (World Bank, 2003)".

The literature cites two other factors which 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. This has a major impact on the value of the title in encouraging investment or eligibility for formal credit in Tanzania, where Magigi (2006:1079) reports that in an area of Dar es Salaam "some of residents noted [that the] existence of short-term titles experienced or offered by [the] Local authority in urban land occupation discourages landholders' investment. For instance one landholders [sic] who were looking for title deeds for his land before the community come into collective asserts this: 'I have got a title deed, but I have been constrained by the short term nature of title given' (i.e. 10 years). Credit institutions refuse proving [providing] a loan arguing that the title has low betterment value".

The second consideration is cited by Banerjee (2004:9), who notes that in India **planning rules and construction norms may impact on** land rights **as they** do not always allow legal building. In her surveys of three Indian cities, she found that if some households were to apply for a loan they would not qualify on account of the inability to produce building plans sanctioned by Bhopal Municipal Corporation. Plans cannot be sanctioned because of the low quality of development in relation to the already lowered standards prescribed for low cost housing under the MP Land Development Rules, 1984. The average plot size is below the minimum specified norm and many plots can only be approached through lanes less than the minimum required width.

Banerjee (2004:14) also notes that "one of the objectives of tenure regularisation is to enable plot owners to use the plot as collateral or raising housing loans. The Bhopal case has shown that in spite of pattas, it has not been possible for families to mobilise institutional finance because plot and settlement conditions are not up to the prescribed standards for building permission, which is an eligibility condition for loans. This limits investment and in any case implies that house building can only happen unauthorisedly, unless upgraded settlements conform with existing building rules or the rules themselves are suitably amended".

Finally, Buckley and Kalarickal (2006:23) state that "a title is less valuable if it cannot be used as collateral. Such a result occurs whenever there is no effective formal financial system, as is the case in many developing countries. Moreover, even if a formal financial sector is functioning, very often many of those who live in informal housing are self-employed or work in the informal sector, so that it is difficult for them to show proof of income—a necessary condition to obtain credit from formal financial institutions. The result is that in most developing countries, the collateral value of property title remains low".

The thrust 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. However, there is a hint that in Peru and Argentina, flows of credit have increased generally within a few years of titling programmes having been introduced. A key research question is therefore to what extent this increased credit has been allocated to newly titled households in previously informal or unauthorised settlements. A secondary question could be to what extent such credit might have been invested in home improvements.

4.2.4 Household incomes, employment and labour mobility

Do titling programmes increase labour mobility and employment? Surprisingly little comment is provided in the reviewed publications, though Graglia and Panaritis (2002:14) certainly

predicted a glowing future in Peru: "Other positive effects cascade through the imagination like dominos. An entire, relatively large, local capital market, the MBS, is only one year old. As that market increases in size and complexity, jobs will need to be created and the level of employee sophistication increased. Increased demand for services ranging from insurance to utilities will also contribute to favorable employment statistics. Entrepreneurs will have newfound capital sources and enjoy a higher degree of mobility. These are just a few examples that illustrate how the registry will touch and benefit many levels of society within the region".

Increases in household incomes are inevitably linked with that of improvements in the macro-economy and access to services. Nonetheless, tenure formalisation, and titling in particular, is advocated by the CLEP (2006:1) on the "the conviction that poverty can be eliminated though increasing tenure security".

This issue is addressed in widely quoted papers on the titling programmes in Peru by Field (2003a, 2003b), who found evidence that newly titled households work an average of 17 percent more hours than do squatter households awaiting a title and are also 38% more likely to participate in organized activities outside the home". She also reports a 47 percent decrease in the probability of working inside the home and a 28 percent reduction in the probability of child labour. No data is cited as to whether the increased hours are equated with increased incomes; many squatter and titled settlements around Lima and other major Peruvian cities are located long distances from major employment areas and the additional time and cost of travel to such locations may not represent a significant benefit. It does, however, suggest a faith on the part of titled households in the willingness and ability of the police and other authorities to protect their property in their absence.

In a review of Field's research, Mitchell (2006:19) draws very different conclusions from her findings. He argues that "while newly titled property owners failed to use their houses as collateral, they did realize an important benefit. They began to work harder. The data was said to show an astonishing forty per cent increase in the number of hours worked outside the house. [Field] argued that property titling must have freed householders from the need to stay home to defend their property, enabling them to seek more employment in the market. The study offers an image of householders suddenly able to put down the weapons with which they were forced to protect their rights in the lawless world beyond the market. With property titles secured, they head off into the world of the market, where hard work will now be rewarded".

Mitchell (2006:19) challenges key methodological aspects of Field's research which he claims undermine the conclusions of her survey. He states that her "paper compares households in neighborhoods that acquired property title early in the program with those that had not yet been titled. It claims that there was no significant socioeconomic difference between neighborhoods titled early and those still waiting to be titled, so the much higher rates of labor outside the home in the former must be a consequence of the ILD's program. In fact the evidence in the paper's footnotes and appendices makes clear that neighborhoods were chosen for titling first because of ease of titling, including proximity to commercial centers. More than half the titled neighborhoods were in Lima, whereas a majority of the untitled neighborhoods were in provincial cities, mostly in just two towns. It is very probable that households located in the capital city, and closer to commercial centers and in other ways more accessible for titling, would be more likely to have opportunities for employment outside the home. This, rather than the titling program, offers a more plausible explanation for their higher labor force participation". However, as noted above, many of the settlements on the periphery of Lima were, in fact, many kilometres from major employment locations, whilst settlements in provincial urban centres might well be physically closer. Mitchell's criticism is therefore itself open to challenge, suggesting further clarification is needed on this key point.

In another study of Lima, Ramirez Corzo and Riofrio (2005:11) studied the impact of titling on labour mobility in the Rafael Chacon settlement. Here, they report that “the owners of plots already titled (the leaders consider this number in (sic) more than 30 percent of the total plots) have decided not to reside in the area. With the legal security on the land they do not fear another family with greater necessity to occupy their empty “property”. This suggests a very different outcome from that of Field (2003) who claimed that the possession of a title resulted in residents being able to work outside their neighbourhood, but not leaving it. The implication of Ramirez Corzo and Riofrio’s findings is that either absentee owners are renting out their newly titled properties or leaving them empty for speculative purposes. Either way, the increased residential mobility observed has not taken the form of increased land market property transactions envisaged by COFOPRI.

It may be that Field’s findings are particular to Peru since Banerjee (2004) argues that in Bhopal and other Indian cities, “patta” titles may have *reduced* labour mobility by encouraging households to develop and expand home based activities. In some cases, therefore, it appears that titling has had a negative impact on employment.

Galiani and Shargrotsky (2005:28) found no evidence of titling generating 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” in their study in a suburb of Buenos Aires, Argentina. They continue, “in spite of land titling, these families are still very poor... their household income amounts to only 38% of the official poverty line, and 94% of households are below this line” twenty years after titles were allocated.

According to Yose (1999) quoted by Cousins B et al (2005:3), in the case of the Joe Slovo Park settlement in Cape Town “some socio-economic impacts [of land titling] have been negative. Informal economic activities have been displaced (and sometimes relocated to nearby informal settlements). Social networks were disrupted as the allocation of plots ignored kinship ties and social networks. The small size of the houses also meant that landlords were unable to accommodate extended family member or tenants, upon whom the landlords relied for rental income”.

Finally, despite the advantages of titling in many respects, Fernandes notes “the fact is, even when they have titles following the completion of regularisation 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” (Fernandes nd:18).

It is difficult to make any general conclusions from this mixed evidence. In the case of Peru, clarification would appear necessary in order to confirm Field’s findings. Also, it would appear that in changing the legal status of land and housing from unofficial to official, an indirect consequence is that previously dynamic unofficial economic activities, such as Home-Based Economic Enterprises (HBEEs) may not be permitted, seriously undermining the livelihoods of newly titled households, though in India, the converse appears to be true. A key consideration is whether mobility increases on the basis of increased choice or as a necessity, as may be the case of titling programmes in peri-urban areas housing communities relocated from inner city locations. Again, this is an area on which further research would appear to be required.

4.2.5 Costs of titling

Are land titling programmes expensive? The answer depends partly on the intrinsic costs (and benefits) of alternative options, the ability to afford costs and, of course, who is paying. It also depends on the number of steps involved in the land registration procedures, and the efficiency of administrations involved in the titling process. It is also relevant to consider

subsequent increases in revenue streams generated by property taxes and possible indirect benefits to urban land and housing markets following the allocation of titles.

According to Augustinus (2003:25) and Benschop (2003:3) (check) “freehold and registered leasehold (including co-ownership) are the most expensive tenure types, because they use professionals to create the right, transfer it and maintain the (centralized) registration records over time. As a result of the length of time it takes, and the lack of human and financial capacity in government, most countries do not have universal coverage and most developing countries only have 10 percent of parcels documented”. Augustinus also notes that it is important to distinguish between the costs of titling existing settlements and newly developed areas and considers that “it is 10 times more expensive to upgrade and title an informal settlement than it is to title vacant land (cost is also associated with the adjudication issue)”. Furthermore, “only a small proportion of households can afford even the subsidized cost of a site with a title. Those who can afford that cost often realize the true market value and sell to higher income groups”.

Buckley and Kalarickal (2006:22) also consider that “titling is often a costly process. It is not just a matter of formalizing informal arrangements that already exist. Very often, contradictory claims of ownership succeed the announcements of titling programs. As Woodruff (2001) shows, the costs of adjudicating these claims may abrogate the gains from titling”. IIED (2006:11) report similar conclusions in stating “formal land tenure registration systems, particularly titling, tend to be expensive, not necessarily tailored to local contexts and inaccessible for poor groups”. Stanfield and Bloch (2002:6) also express concern that titling can provoke disputes between claimants which raise programme costs when they note that “in the African context, for example, local authorities may recognize exclusive use rights and a functional system to resolve disputes may be in place, consistent with customary law. Formal titling, registration, and legal structures can be costly and are not always required to assure sufficient security for increased land market activity”.

Cantuarias and Delgado (2004:11-12) provide specific costs for titling and first registration in the case of the COFOPRI programme in Peru. These costs are shown to have risen between 2000 and 2003, though they need to be related to affordability to have any significance and such data are not provided. Lanjouw and Levy (2002:1012-3) relate costs and household expenditure and accept that “titling is not free and it is important to consider also costs. Elsewhere, we find that the estimated cost of obtaining a title represents, on average, 102% (s.d. 12.4) of household annual, per capita, consumption (Lanjouw and Levy, 1999). Although the costs may be spread out over time, they clearly represent a substantial expense for squatter households. On the other hand, a cost–benefit analysis would suggest that it pays off. Among households reporting a value for a ‘similar property sold in the community in the past year’, estimated titling costs represent, on average, 6.3% of the value of the property (s.d. 2.0), with a median of 1.5%. Even allowing for the fact that our estimates are upper bounds, it would appear that the private benefits of title are substantially higher than the private costs. It is not surprising that almost all of the untitled squatters in our sample declare that they are trying to obtain a title”.

They continue with an important caveat in terms of the wider economic context, “the value of title in facilitating access to the formal credit market is also overvalued if lower interest rates in the formal market are due to government subsidies. If the full costs of establishing and maintaining a formal system of rights are not passed on to title recipients, the social costs of titling will also be higher than the private costs. Recent reviews of World Bank-funded titling projects emphasise the consistent underestimation of the large investments in institution building required for the task; see Wachter and English (1992), Holstein (1993), and the evaluation reports cited therein. Thus, one would need to expect quite substantial net private benefits to

flow from a move towards stronger formal property rights before concluding that social welfare would be enhanced”.

The costs of formal titling programmes also have to be considered in the context of the costs of informality or informal costs in obtaining titles. In Cambodia, the World Bank (2002:7) states that there is a strong demand for titles and that people already pay US\$200 to \$300 and more (in informal fees) for title to land in urban areas”. The Bank estimates that people are willing to pay \$20 for titles in urban areas. Cost recovery is stated as being important to ensure the financial viability of land titling and registration services. No other examples were found to support or refute this evidence in other countries.

Costs do not stop with the acquisition and registration of titles. In the Joe Slovo Park settlement in Cape Town, Cousins B et al (2005:3) noted that the new property owners also became liable for paying rates and service charges, then around R200 per month. Many were unable to afford this, although the situation has subsequently improved with the introduction of rebates”. This means, of course, that the benefit of free titles received by residents was at the expense of the local authority’s revenue base. Anecdotal evidence from Johannesburg indicates that many households cannot even afford costs of living in subsidised housing and distress sales are increasing.

In some Indian cases, households receive titles free of charge and government picks up the bill. In other cases, households are required to pay a nominal charge for the documents, and later to pay relevant property taxes and other charges. In India, for example, patta titles are issued free of cost to recipient households. No information is available regarding the costs of patta administration to government agencies. However, the total cost to government can be substantial. In the case of Peru, Angel et al (2006:11) report that “the cost of the first phase of COFOPRI’s operation (1996-2004) was US\$66.3 million, co-financed by the Government of Peru (US\$28.3 million) and a 1998 World Bank loan (US\$38.0 million). During this period COFOPRI issued 1.481 million property titles, benefiting more than 5.7 million urban dwellers. There have been no user fees charged to the beneficiaries for either titling or primary registration”. In crude terms, this suggests an average unit cost per title of \$44.76, though it is not clear if all overhead costs are included in this figure. What is clear is that titles were free to beneficiaries, and all costs were ultimately borne by government.

According to Palmer (1998:87), the costs of titling can be reduced by changing formalisation procedures. “Reducing standards may take many forms, one of which is the deregulation of work... Some titling and registration activities performed by the public sector may be contracted out to the private sector”, whilst reducing inefficiencies can also reduce costs. He also suggests (p92) that title insurance schemes should complement, rather than duplicate, a registration system.

Where titling costs are charged partly in or in whole to beneficiaries, a final consideration relates to the recovery of such costs. Based on surveys, **Chilevsky (2003:55)** found that costs of titling had negative impacts on both titled households and titling agencies in that cost recovery was often poor. She cites this as being due to i) people don’t have money; ii) they do not trust the institutions; iii) procedures for paying require people to take time off work and pay for travel to government offices, and iv) people don’t think they will be evicted. In relation to the council tax (tax to the property), in some countries, poor properties are exempted, as in Honduras, or have some years of remission of the debt.

4.2.6 Tax revenues

The integration of informal settlements into the formal urban land and housing market is widely held to increase tax revenues to local governments, finance improved services

provision and create a virtuous circle of improved local governance and competence. To this has to be added the question of what short and long term impacts this has on low-income groups.

The literature does not provide clear answers to these questions. However, Burns (2006:3) claims that “land titling can lead to substantial increases in government revenue. This has occurred in Thailand during the implementation of the 20-year Thailand Land Titling Project (TLTP) which commenced in late 1984. Citing survey data, he shows a steady increase in annual revenues from 1985 of about US\$150 million to a peak in 1996 of over \$1200 million. Even after the property market crash of 1997, revenues remain at an average of almost \$400 million a year nationally, a substantial sum.

Similarly impressive sums are reported from Ukraine, where USAID funded a land titling programme which has issued over 15,000 urban land titles²¹. However, these were issued to businesses rather than households, with the intention of stimulating an urban land market and increasing investment and jobs. It is claimed that the programme has generated over \$100 million in revenues for social programmes, economic development and local infrastructure improvements.

Information on the basis for determining property taxes are rarely stated. In cases where property values rise substantially following titling, taxes based on such values will theoretically generate correspondingly large revenues. However, this places heavy demands on newly titled households whose incomes may remain low and irregular. In such cases, the only means of paying such taxes and admin charges may be to sell the property, as is reported in South Africa and elsewhere. Conversely, if taxes are set according to the costs of allocating and registering titles, the consequent net increase in revenues may be small. Lunnay (2005:9) suggests that land titling projects implemented in Asian countries have, to a lesser or greater degree, all experienced problems with property valuation. The very successful project in Thailand experienced great difficulties in introducing a new valuation authority. Although a central valuation function was established it is largely restricted to providing values to support the registration function of the Department of Lands. Attempts through the titling project to pass a new Land Valuation Act proved unsuccessful”.

In reviewing many case studies of land administration programmes, Land Equity (2006:111) quote Bird and Slack (2002:33) to the effect that “using tax as an instrument of land policy was raised many times but this strategy has difficulties. It was argued that such policies had little impact where they were introduced in countries such as the Philippines and that ‘...*the time and effort devoted to designing land taxes intended primarily to achieve non-fiscal purposes has detracted from the more important task of implementing an effective and efficient revenue source for local governments.*’

In Mexico, “some *ejidos* prefer not to regularise the land for human settlements to evade paying the land tax, which obviously promotes informality in land markets” (UN-Habitat 2005a:107). A similar outcome is reported from Pakistan by Payne (1997:8), reinforcing the need for taxes to be set at affordable levels and deliver services people want.

4.3 Building and environmental impacts of titling

Most advocates of land titling in urban areas refer to outcomes at societal and individual levels, but rarely at communal levels. Yet if titling is intended to turn illegal settlers into full

²¹ The USAID website lists the Ukraine Land Titling Initiative as having issued more than 1.3 million titles in rural areas, with a further 450,000 in progress. The urban land titles are in addition to this. The report does not state the original owner of the land parcels which were privatised, though it is likely that they were state owned properties

citizens, it is relevant to assess impacts on the local environment as well as individual home improvements. This issue is explored below.

4.3.1 Provision of, and access to, urban infrastructures and services

What impact does titling have on access to urban infrastructure and services? The literature reviewed does not offer 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 an integral component of such programmes.

In Mexico, UN-Habitat (2005a:111) and Azuela and Duhua (1998:160) report that services are not provided as part of titling programmes. A similar disconnect applies in Egypt where Sims (2002:95) reports that “the provision in urban Egypt of basic infrastructure (piped water, sewerage systems, metered electricity, paved roads, telephones, etc) and public services (schools, health facilities, youth centers, solid waste collection, etc) to residential areas, has only the most tenuous link to the type or degree of formality of tenure. Comparisons of service levels across different parts of Egyptian cities shows that it is the age of a settlement and its sheer size in terms of population which are the main determining factors”. A third example applies in Colombia, where 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 (Aristazabal and Gomez 2002:103). Even recently developed informal settlements are well serviced and this has encouraged local investment.

Reports of a positive impact of titling on access to services are provided by Banerjee (2004:7). In her surveys of the impact of patta titles in three Indian cities, she notes that “families with individual latrines increased from 11.8% to 21.7% and individual electricity connections increased from 34.5% to 89.3%. There was only a marginal increase in water connections, as these were prohibitively expensive till 1998”. In fact, Banerjee 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 infrastructures : “In some very densely populated settlements it has not been possible to re-organise the layout and yet accommodate all the original residents. For such settlements only basic infrastructure improvement has been carried out. Tenure security leads to investment on plots. In some settlements three or four storeys have been constructed to cater to the growing demand for cheap rental housing and workshops. In the case study settlements the population has almost doubled in the last ten years and plot use has altered from residential to mixed uses (Risbud, 2003). But lanes continue to be narrow (sometimes just one meter wide) and get narrower with overhanging upper floors and spillover of activities from buildings. The basic services originally provided become progressively inadequate for the growing population and changing uses” (Banerjee, 2004).

Further evidence comes from Peru, where Cantuarias and Delgado (2004:9) 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”. However, unlike other aspects, they provide no data to support this claim. A contrary view is reported in a case study of Los Laureles, Lima, in which COFOPRI had provided titles to households living on state land but not to those on private land. Ramirez Corzo and Riofrio (2005) found that water or sewerage networks had not been provided to either group, though both had enjoyed connections to electricity networks before the titling programme began.

One reason for an apparent limited impact of titling on access to services may be that costs are simply too high for residents to afford, even with subsidies. According to Cross (2002:197), this is a major consideration in South Africa, where “tenure security through housing also has a catch to it: obtaining and maintaining tenure means remaining in the serviced settlements. This entails being able

to pay users charges for the services delivered, and there are likely to hidden poverty thresholds involved.... In settlements where the average household income is often less than R600, very few could afford”.

Even if subsidies 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 Chilevsky (2003:56) notes, many programmes regularise lands with deficient environmental conditions because there are no other lands available. Their improvement imposes high costs and therefore inhibits the installation of services.

4.4 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 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. The following sections are therefore organised according to the emphasis placed by the texts reviewed.

4.4.1 Administrative impacts

As reported above, land titling programmes place heavy demands on land administration agencies, many of which are overstretched performing routine tasks. Their ability to adapt to new challenges within a dynamic policy and economic climate imposes further demands. To what extent does the literature indicate that they have sufficient capability and put it to the most effective use? Have titling programmes generated major changes in administrative practice or have administrative weaknesses limited the success of programmes?

Concerns regarding administrative capability are raised by Augustinus (2003a) who states that “large scale and sweeping tenure reform can lead to a loss of security of tenure by underestimation of the record-keeping requirements required to implement reforms, and putting pressure on already weak administrations to carry out tasks (land survey, adjudication, titles/deeds registration) for which they do not have the human and financial resources”. This section discusses to what extent these concerns are widespread and justified.

Land titling programmes involves a number of administrative procedures:

- Surveying the areas to be titled
- Recording survey information
- Checking areas to be titled for conformity with official planning norms
- Identifying claimants
- Resolving conflicting claims
- Preparing and allocating title documents
- Preparing the land registry
- Updating the registry as transfers occur
- Communicating with other authorities regarding land taxation, etc

The initial titling allocation process therefore involves different teams and departments undertaking new tasks and operating within agreed, and possibly new, procedural guidelines. Such changes inevitably take time to operationalise and can cause serious delays which alone can prejudice programme outcomes. For example, a World Bank report on Indonesia (2004:5) indicated that weak administrative capacity had slowed the pace of land titling to the point where only 30 percent of all plots had registered in the forty years

since registration began and that unless the pace quickened, it would never catch up with the total number of parcels, since these were increasing at more than one million a year. Similar observations can be made in Dakar, Senegal, where the tenure regularisation programme was launched in 1987 in Dalifort. This expanded to major informal settlements of Dakar metropolitan areas in the 1990s and had delivered, in June 2006, less than 1,280 “surface rights”, a form of real property rights. 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 specialised entity responsible for speeding up the titling process (République du Sénégal, 2006).

According to Land Equity (2006:60), “the land titling activity in Thailand was planned over a 20 year timeframe and the activity in Indonesia was planned over 25 years. The techniques adopted in Thailand are very flexible and relatively low cost, but even so the Department had 3-5,000 personnel deployed on project activities for long periods over many years. A project operating over this timeframe requires a clear vision and a strong political commitment”. Firmin-Sellers and Sellers (1999:1119) also report that in Cameroon, title recipients “waited an average of 6.3 years between their initial application and the actual receipt of title”. They also report that since ‘titling is a long, uncertain process, nationally, only 6% of all applicants successfully navigate the titling process’

For Land Equity (2006:103), one reason for delays in Greater Accra, Ghana, was that “the process of land titling is also overly complex and not well understood by the various actors involved. There have been about 45,000 applications for title since 1986, and just over 11,000 titles have been issued, all except one in Greater Accra. In a recent survey of the land holding public two-thirds of respondents were unaware of the Land Titling Law, 30% had land applications outstanding for more than one year, with 20% still awaiting registration after 10 years. Dispute resolution took between 2 -10 years in most cases. Thus public perception is that acquiring land in Ghana through formal channels is a daunting task”. In Tanzania, Magigi (2006:1079) states that “land use planning procedures including preparation of the plan, presentation and endorsement by the Municipal Council to final approval by the MLHSD took a total of 5 years. For persons wishing to use the land title or wishing [to] get his/her land regularised, this is too long and may be [a] disincentive”.

Time was a central issue in the highly effective COFOPRI programme in Peru, where Graglia and Panaritis (2002:12) state that it “was designed to be time efficient. That was a critical part of the problem to be solved. The travel time—the total amount of 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. Systemic congestion has not surfaced as an issue to date”. This is undoubtedly a major achievement, though a large proportion of the titled plots were on government owned per-urban land which was relatively simple to develop and title. Such advantages do not exist throughout other developing countries.

Angel et al (2006:12) report that that in Peru, “COFOPRI’s success was enhanced by a flexible and innovative management team, a well-paid and motivated staff, and simple and transparent legal procedures for titling”. Clearly, the COFOPRI programme had a positive impact on improving administrative capability. Chilevsky (2003:57), records a similar impact 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. She cites the example of Argentina, where many ordinances against the current urban codes have been approved in cities where regularization programmes have taken place. Some international agencies also encourage flexibility in the application of rules for poor groups in order to facilitate legalisation.

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 (1987:164) note 'There is no point in introducing a system of title registration where the capacity continuously to update the registers does not exist.' Possibly because many urban and peri-urban programmes have only been initiated in the last decade, reports on the impact of titling on the effectiveness of land registries are hard to find.

The impact of titling on staff competence and working practices is also rarely reported. However, in Albania, LTC (LTC 2002a:31) report that whilst agricultural land is rarely bought or sold, in the established urban areas, "the registration of transactions and transmissions of rights appears to be of high priority to the population, who are willing even to pay bribes to the Registration Office staff to get their rights registered". Furthermore, (p36) "with managers in place who have proven to be dedicated to inappropriate management practices, it is very difficult to institute procedures to minimize such practices as kickbacks and bribe acceptance". As a result, "for many project staff and government officials, the project has become a mechanism for generating personal income rather than an instrument for achieving broad social and economic goals".

According to Land Equity (2006:96) "staff retention can also be problematic in governments that are unstable or regularly change leadership positions. Other circumstances of staff retention issues occur due to systematic land titling procedures that can involve staff spending long periods in the field, working from temporary field offices, over many years". On this basis, the approach adopted in Peru of creating and training a well-paid and motivated staff cadre was fully justified.

The importance of maintaining land registries is illustrated in the case of Cambodia, where Deutsch (2006:44-45) found that residents with titles in peri-urban areas were more than average likely to advise others to register transactions, presumably because of the active land markets in these areas. However, even the most effective administrations can be undermined by a failure to replace inappropriate administrative requirements or enforce acceptable ones. According to Banerjee (2004:10) "once tenure is regularised, plot holders pay little attention to conditionalities or to forms of tenure (license, lease, etc.). Neither is there any attempt from civic authorities to check violations or modify rules to suit local conditions. Regularisation of any kind seems to create a sort of blanket amnesty. Building more than one storey, running home based shops and workshops and transferring plots and houses are not permitted, but practiced". She concludes that (2004:14) "except in Tamil Nadu state, patta holders are not supposed to undertake other than residential activities, when in reality, home based economic activities are very common in squatter settlements. Not looking into linkages between rules and regulations enforced by different institutions has meant that squatters have graduated from one type of illegitimacy to another to encounter a different set of barriers. Since the barriers cannot be crossed, the parallel city of slums continues".

4.4.2 Institutional impacts

A major administrative consideration in implementing and land titling programmes and maintaining land registries concerns the level of government at which these should take place. The relative merits and limitations of centralised or decentralised titling programmes is discussed in the South American context by Chilevsky (2003:59) when she notes that large-scale centralised programmes, as in Mexico and Peru, have been successful in terms of the number of titles given. However, they have not necessarily worked well with local communities and the Peruvian programme is now administered by local governments. On the other hand, decentralised programmes usually have an important component of community participation, though this could make implementation more expensive and slower, since 'social times' are different from 'political times'. Another constraint with decentralised programmes is that there are often insufficient staff in municipal and provincial institutions with the skills needed to undertake these programmes. Municipalities and provincial governments are all too often overly bureaucratic and inflexible in

working with civil society organisations, and this provides a major obstacle to effective implementation.

Cantuarias and Delgado (2004:1) consider that a major factor in the rapid implementation of the massive titling programme in Peru was the fact that COFOPRI and the RPU enjoyed full independence, meaning they had technical, functional, and administrative autonomy. This, together with high level political support, certainly helped the Peruvian programme to achieve its ambitious numerical objectives and the decision to decentralise the maintenance of land registries to the local level may prove to strike the right long term balance, since it will be easier for residents to register transfers at a local office.

Given predicted urban population growth rates, land titling programmes will increasingly focus on peri-urban locations. The World Bank (2004:3) acknowledges that “the periphery of Asian cities is a critical zone for both economic growth and environmental management. Master planning and zoning regimes in the region are not working well to channel urbanization, leading to housing shortages, loss of farmland and wetlands, transport congestion, and social conflict”. This suggests that titling programmes need to be well integrated with urban spatial development strategies, though there is little evidence regarding the link between titling and spatial planning in the literature reviewed. At a detailed level of urban planning, Palmer identifies (1998:87) several constraints in providing residents of informal settlements with the benefits of formal property and lists:

- Planning and development – in urban informal settlements, there may be a need to realign and widen streets and build utility networks in designated corridors
- Certification of parcels – settlement boundaries and those of individual parcels must be researched and validated, and titles issued
- Registration – instruments identifying parcels and holders of rights must be identified and registered
- Shortages of appropriately qualified surveyors, lawyers and officials in titling agencies and registry offices may delay the process.

4.4.3 Legal impacts

Titling programmes may require a change in the laws relating to land and therefore to land policy. Clichevsky (2003:32) observes that in Latin America, ‘legalisation processes are complex and slow because of the different types of illegality and several stakeholders involved and also because of the institutional problems, since there is no updated cadastre in many cities, nor trained staff. In the case of Argentina’s ‘Programa Arraigo’, she notes (2003:38) that ‘following the establishment of democracy in 1983, ownership of public land was transferred to the CBOs of each settlement to avoid legal procedures that could delay everything.... The programme was supposed to serve 119 settlements, but by 1997 only 10 projects had been completed. Residents in these settlements who paid for their plots have not yet received the property or transfer of the lands due to problems related to the collective transfer to the CBOs. The latter needs to have a legal status (personeria juridical) and then it is difficult and costly. There are some CBOs that have failed because people did not pay’. The programme is under revision.

Policies which seek to replace customary legal practices and traditions with statutory legal systems can increase, rather than reduce, problems. According to Land Equity (2006:135), “there are examples such as Indonesia and Ghana where developing countries have sought to dismiss traditional forms of tenure and customary land practices in the belief this would speed the path to development. This fails to recognise reality and ultimately presents more problems than solutions”. Graglia and Panaritis, (2002:15) also reflect on the dangers of replacing established institutional structures with new ones when stating that “the Rwanda example illustrates what happens when the principle of adopting a framework reflecting the

reality of an informal system is overlooked. Neglecting either of the principles of new registry (RP) creation in order to avoid institutional resistance or resolution of overlapping claims would only succeed in creating change in one part of a larger system and ultimately replacing old problems with new”.

In Mexico, once urban plots are individually titled, civil law applies. This means that ownership over urban plots can be obtained through prescription (adverse possession) and property titles are registered in the Public Registry Office of the corresponding state. Agrarian law still governs urban plots that are not titled, while land disputes relating to such plots fall under the jurisdiction of agrarian tribunals. (Un-Habitat 2005a:58).

According to USAID (Gebremedhin 2006:19) in Afghanistan “there is no enabling law that mandates or encourages relevant authorities to formalize informal ownership of immovable property, and the lack of financial capacity of the state precludes the provision of housing to all citizens who are in need of decent shelter”.

4.4.4 Political impacts

Land Equity (2006:23-24) note 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. Women and overlapping rights holders are very vulnerable in these circumstances. It is because of this situation that African countries are introducing new forms of land tenure which 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 programs, or to enforce land use controls. Hence most land titling is confined to the major cities and usually the capital city areas where cash crops have been/or are being grown”. 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”.

Given the enormous profits that titling programmes can generate, it is not uncommon for governments to manipulate programmes for individual and group benefit. In Kenya, the Ndungu Commission established in 2003 found evidence that at least 200,000 illegal titles were created between 1962 and 2002. Close to 98% of these were issued between 1986 and 2002. Furthermore “Illegal allocations were done on the orders of the President, other senior public officials and well connected politicians or businessmen; Beneficiaries of grabbed land included ministers, senior civil servants, politicians, politically connected businessmen, and even churches and mosques” (Ndungu 2006:5). The Chair of the Commission notes sadly that although the new government undertook to implement all its recommendations, “the report has not been implemented in the structured manner we had recommended”. Even more sadly, Kenya is far from being the only example of land titling programmes being subject to political manipulation for party and personal gain.

The need for long term political support is accepted in the report by Land Equity (2006:61) when stating that “the land titling activity in Thailand was planned over a 20 year timeframe and the activity in Indonesia was planned over 25 years. The techniques adopted in Thailand are very flexible and relatively low cost, but even so the Department had 3-5,000 personnel deployed on project activities for long periods over many years. A project operating over this timeframe requires a clear vision and a strong political commitment. Both the Thai and Indonesian projects were designed within overall strategic plans that geographically and technically phased the activity. Political support can be important in a country such as Thailand where there are frequent changes in government. A long time-frame can be a challenge for governments focussed on election cycles and to donors used to projects with

durations no longer than five years. Here the formulation of a long-term strategy with phased implementation can break down the activity into manageable parts and ensure it is appropriately focussed and not dissipated by trying to address all perceived issues at the same time". However, LTC note in the case of Albania (LTC 2002a:33) that "very little of the government action required to support the program has been forthcoming". Furthermore, there was "no evidence" that support for the project extended beyond the project employees and contractors".

On a more general level, McAuslan (2005:3.2.9) 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 – land markets must be enabled to work for the benefit of all and all must be enabled to participate on an equal and fair footing in the land market – and to this end, government at all levels and institutions of civil society must be involved in working together, removing obstacles to obtaining land, developing innovative mechanisms, instruments and institutions to assist people to obtain access to land and security of tenure, and governments must desist from actions which penalise people especially the poor and disadvantaged and lessen their opportunities to obtain and hold on to land".

Contrary to the strong political support received for the Peruvian land titling programme, Angel et al (2006:12) report that political support for regularization in Mexico, undertaken by the Commission for the Regularization of Land Tenure (*Comisión para la Regularización de la Tenencia de la Tierra* - CORETT) established in 1974 by President Luis Echeverria "has declined since the Salinas administration, as politicians distanced themselves from the Salinas agenda". As a result, "in the 30 years that CORETT has operated, it has given out 2.5 million titles nationwide. On average, it issues 80,000 titles per year, although this rate has slowed somewhat since 1992".

4.4.5 Impact on demand

Finally, what impacts have land titling programmes had on popular demand for titling? Whilst there is widespread anecdotal evidence that titling is popular, demand is not reported as often as the need to obtain and maintain popular support for titling programmes. For example, Land Equity (2006:60) note that the urban land titling project in Peru continued after President Fujimori's replacement largely due to their good reputation and credibility, particularly amongst the urban poor. Many projects need to build stakeholder support as an important part of project design. Where major problems exist, initial phases are likely to focus on strengthening the policy, legal and institutional framework and building stakeholder support, often through pilot activity". Angel et al (2006:12) also report that COFOPRI "worked closely with elected community leaders to build community acceptance, and formed strategic partnerships with providers of infrastructure, utilities, and credit to connect titling beneficiaries with these services".

Grant (1999:5) also stresses the importance of obtaining and maintaining community support for land titling programmes when stating that "unless the land titling is continually demonstrated to be in support of the fundamental quality of life issues confronting developing nations, the commitment from government will waiver and the participation and confidence of the community will be difficult to achieve". He continues: "Because land is such a basic resource, and rights in land is such a sensitive issue, reforms are not always understood or accepted as necessary. As a result land titling is subject to increasing scrutiny and, especially in the case of ILAP, criticism from special interest groups and NGOs. Unless the benefits are clearly articulated and delivered such groups can have an adverse impact

on public confidence in the land titling process. Often a project has to build wider political support. The urban land titling project in Peru was very much a part of President Fujimori's political agenda, but the titling agency (COFOPRI) and the project have continued under President Toledo's administration largely due to their good reputation and credibility, particularly amongst the urban poor. Many projects need to build stakeholder support as an important part of project design. Where major problems exist, initial phases are likely to focus on strengthening the policy, legal and institutional framework and building stakeholder support, often through pilot activity".

In Albania, LTC (LTC 2002a:34) acknowledged that "the education of the public about the rights and responsibilities of private land ownership has been a weak point of the program". It also noted (2002a:33) that there was no evidence of support for the project beyond the project employees and contractors.

There is also the risk that any new formal tenure system exposes sections of a population to risk. For example, in Tanzania, Byabato (2005:69) states that "it appears that households, especially those whose level of education is up to primary school, do not know some of the detailed information on the title deed. The detailed information on the title deed is in English, thus no surprise the illiterate households miss out important information".

In the Latin American context, Chilevsky (2003:58) considers that there was minimum community participation in tenure legalisation programmes started some decades ago. However, more recently implemented local government programmes which have urban upgrading components have adopted a more participatory approach and this has helped programmes to realise their objectives. Whether titling programmes are therefore a response to popular demand or a government led policy is therefore difficult to assess from the literature reviewed.

5 CONCLUSIONS AND ISSUES FOR FURTHER ANALYSIS

5.1 Constraints encountered in implementing land titling programmes

From the evidence presented in this review, it is evident that land titling programmes are both popular with many governments and many low-income urban communities. They have also been shown to have a number of significant limitations in meeting the social, economic and other needs of the urban poor. Whilst it appears that titles have generally succeeded in increasing tenure security, the literature indicates that they have not significantly reduced poverty or increased access to formal credit or service networks. It is too early to conclude, however, whether these limitations are intrinsic and structural, or contextual and temporary. Some of the constraints and evidence concerning the ways these are being addressed are summarised below.

The documents reviewed reveal major gaps in our understanding of the social and economic impact of titling programmes. Some of these gaps are substantial and suggest that caution needs to be exercised before launching large-scale programmes, especially in areas where titling is a relatively new concept, or where communities are vulnerable to external manipulation and exploitation. Whilst titling has been shown to benefit some groups, such as many of those receiving titles, it has not always increased their tenure security, access to credit, services or incomes. Furthermore, some groups, such as tenants, may well have suffered as a result of increased rents or market driven evictions.

5.1.1 Economic constraints

The costs of titling vary from one programme to another, though insufficient evidence is provided to relate costs charged to beneficiaries with affordability, or to assess whether costs borne by government are recouped in charges or taxes. It is also difficult to assess the impacts of titling on land markets and the ability of low-income households to access land for housing after titling programmes have been undertaken.

A related issue is whether titling programmes are the most effective and appropriate means of realising the social and economic objectives claimed for them, or whether these could not be realised by improving the way existing systems of tenure operate, or adopting more gradual means of changing from existing informal regimes to more formal systems. However, that is not an issue addressed in this review.

Titling has been widely promoted as a means of a wider strategy of empowering the poor. However, there is a potential conflict between the interests of private sector investors and developers (not to mention some international investors) in requiring titles to protect their investments when seeking to stimulate economic development and the interests of the urban poor in being able to remain in, or gain access to, areas of legal development if prices increase as a result. Balancing these legitimate, but conflicting, interests requires land administration agencies to acquire the skills of a tightrope walker. Certainly, there is a lack of evidence to show that success has been achieved so far.

5.1.2 Administrative and institutional constraints

As noted above, land titling programmes place a heavy burden on administrative agencies charged with surveying, registering, issuing titles and maintaining records of transfers and tax payments. In Tanzania, for example, de Soto (2006:51) reports that 'valuation, planning, surveying and titling procedures take 8 years, land allocation for urban purposes on the

mainland 7 years, in Zanzibar 9 years and transferring and registering property 380 days. The Minister of Land intervenes six times to allocate land in Zanzibar, whilst on the mainland, all surveying maps must be approved by the Director of Surveying and Mapping and all titles by the Commissioner of Lands'. The same procedures for approving surveys and titles apply in Lesotho.

Another constraint relates to administrative weaknesses. This is cited by Lunnay (2005:8-9) and Land Equity (2006:7) in the case of the Philippines where, as a result of complicated institutional arrangements, survey and map records have been lost or destroyed and there are many overlapping and duplicate titles in the registry of deeds. The land registry is not easily accessible and there is a high transaction cost which discourages registration and is a disincentive to investment. As a result of all of this, confidence in the entire titling system is being eroded.

Procedural obstacles feature as a constraint in many countries. In Zambia, for example, SWEDESURVEY (2003:4) found that "lengthy and cumbersome procedures of acquiring Occupancy Licenses put the City Council in bad standing with local communities. Transport costs to and from Council offices also discouraged residents". In reviewing literature from Africa, IIED (2006:7) also claim that "even households that are relatively well off rarely see the process through to title acquisition. The reasons for this are common throughout Africa: expense, complexity of procedures and failure to meet regulations such as plot size and standards. Whilst the first two might be overcome, regulations and standards are rigid obstacles".

Programme implementation can be a major problem. In one country programme assessment made by LTC for USAID in 2002, one of the problems identified "is the ineffective supervision of field teams and sub-contractors, especially during the last two years, exacerbated by the separate contracting of different functions in the first registration process to different people and companies."

Failure to update land registries is cited by Chilevsky (2003:57) as enabling a person who already has several plots to register for plots under the names of their children or other relatives. In the Sudan, Dickerman et al (1989:xvi) report that "in freehold titling and registration, up-to-date maintenance of the registers is highly problematic given the failure of many proprietors to register transfers.

The ability to train and retain committed and capable staff is considered by Land Equity (2006:96) to be "problematic in governments that are unstable or regularly change leadership positions. Other circumstances of staff retention issues occur due to systematic land titling procedures that can involve staff spending long periods in the field, working from temporary field offices, over many years".

Finally, the lack of congruence between administrative and physical boundaries of expanding urban areas is noted in a report by UN-Habitat on Mexico (2005a:103). As a result, land is developed without official permission, the corresponding taxes are not paid and urbanisation, environmental or security controls are evaded.

5.1.3 Legal constraints

The introduction of land titling programmes into a country requires the preparation and endorsement of an appropriate legal framework. This itself takes time and may delay the formulation and implementation of land titling programmes. Aristazabal and Ortiz (2004:258) sum up the situation in many countries when they note that in Bogotá, "the city authorities are still working on urban legalisation and the freehold titles programmes. However, even if

there has been important advances, and even if the amount of non-statutory neighbourhoods has been greatly reduced, these efforts are still not enough, and there are many families lacking tenure security and property rights”.

5.1.4 Political constraints

Several documents (eg Stanfield and Bloch (2002:9, UN-Habitat 2005a:112 and Angel et al 2006:9) emphasise the need for land titling programmes to obtain and retain political support. At the same time, the introduction of any new policy such as titling, presents political and economic elites with opportunities to capture a disproportionate share of benefits. A similar problem is evoked in the assessment commissioned by USAID to the Land Tenure Center in 2002. In one country, it was found that “for many project staff and government officials, the project has become a mechanism for generating personal income rather than an instrument for achieving broad social and economic goals.”

Ho and Speer (2006:580) state that “as land becomes increasingly marketized and commodified, the state should ensure that the emerging land market does not result in a rapid concentration of land in the hands of a mighty few. This implies the control of market forces through the restriction or prohibition of land sales or land rental. In this context, effecting institutional change through land titling should be done with the utmost care”. The literature does not suggest that to date such caution is a prime concern of funding agencies or government departments promoting titling programmes.

5.1.5 Environmental constraints

Few writers address the constraints which titling programmes have on urban environments. However, Banerjee (2004:14) found that in New Delhi, Bhopal and Visakhapatnam the provision of patta titles resulted in visible and immediate change for the better. However, over a longer time period, housing conditions in most settlements actually deteriorated because the small plots and narrow streets proved inadequate to the needs of the growing population. Essential facilities like schools, dispensaries and play spaces could often not be made available for lack of space....buildings and activities invariably fall outside many planning and building regulations, and not enough is done to change regulations to accommodate slum upgrading, resulting in substitution of some dimensions of illegality by others”.

The need for more research to be given to environmental constraints and their impact on the public domain is also reported by Betancourt (2005:12) in stating that “strategies must be devised to protect the public domain, because it facilitates and realizes the values of robust free speech, cultural participation, and free access to information”. A further consideration is the ability to provide titles in areas where landslides, floods or other environmental risks exist.

5.2 Addressing constraints to implementing titling programmes

Wallace and Williamson (2006) express the challenge facing international donors and national governments regarding the rapid introduction of comprehensive administrative reforms to land administration and the incorporation of a range of informal settlements into formal markets. Referring to the experience of Indonesia, they state that “successful land markets gain their vitality from creating and marketing abstract land rights and complex commodities, in addition to the land itself”. They claim that the process of creating land markets involves five main stages and that “a few developed countries have had the

lucky experience of moving from the first stage to the end stage of a complex commodities market but even fewer have done so without cathartic upheaval. The Western democracies took hundreds of years to make the transition. Developing countries are trying to encapsulate the experience into decades... Whatever the process of change, the evolutionary stages in market development operate like building blocks; each stage must be developed before the next is possible and all earlier stages must all operate successfully to support the most complex stage. The stages are not empirically pure, and probably never can be. Much of the activity involved in the processes of evolution is unplanned, and when deliberate planning attends evolution, it frequently produces outcomes which surprise its designers”.

Drawing on extensive practical and theoretical experience, they caution against forcing the pace of change: “The invisible aspects of land rights must mature. Each right needs sufficient explication to form a comprehensive conceptual framework for thinking about an opportunity set or activity related to land. Rights must be announced, refined and comprehended by members of the rights holding group and by outsiders. The social recognition of land must be transformed from land as a physical thing to abstract concepts of rights and powers in relation to land-based activities”. Furthermore, (p130) “recording of rights alone does not invite the next stage. It is not records, but the ability to work with abstractions that allows developed countries to accelerate wealth through creation and marketing of complex commodities”. They conclude (p133) that rather than imposing new land management systems in countries which are not ready to assimilate and adapt them to meet local conditions, “a country may get more immediate economic improvement by making its labour or product market more effective, while it delivers tenure security through instruments other than tenures suitable for a land market, say by recognition of traditional and informal land arrangements”.

Burns (2006:4) also notes that programmes to strengthen land administration can take many decades to complete. A phased approach is commonly adopted, often with an initial emphasis on developing efficient and effective procedures through a series of pilots”. He continues (2006:10) by citing the example of Australia, where “the process of converting from deeds to title registration took over 100 years and was only completed when a systematic approach was adopted”. He concludes that it is preferable to have complete cover at a lower level of accuracy than high standards and a lower level of coverage. However, it should also be noted that in the UK, land markets work efficiently even though less than 60% of all land is formally registered. This suggests that ultimately what matters is the degree of confidence that those involved in land markets have in the efficiency and equity of the processes by which land is obtained, held, developed and transferred.

The review also suggests the need for a multi-faceted approach, in which titling or other tenure options are integrated with ways of improved urban governance, spatial planning and access to basic services and credit (eg. Kingwill et al 2006:1; Calderón 2004:300). Calderon, for example, claims that “the findings from Lima show that the policy of formalising tenure through titles is not the only way to fight poverty and that a new relationship between the state, banks and the poor is needed to improve access to services and credit. There are two possible ways of achieving this, though both are medium, rather than short, term options. Firstly, efforts must be made to build on existing systems of informal credit. Secondly, there are welcome signs that some private banks have developed active links with the residents of low-income districts and it will be necessary for other bankers to modify their traditional patterns of behaviour if such progress is to be maintained”.

According to the World Bank (2002:12) “experience shows that projects focused on titling before a national consensus on land policy has been reached rarely reach their objectives”. The report emphasises the need for strong government commitment, piloting programmes to identify and resolve problems and ensuring the active participation of all stakeholders in

policy formulation, including communities, NGOs and the private sector. A cautious approach of piloting land titling was also adopted by the World Bank in Ghana where it was recognised that titling may risk altering or abolishing customary interests in land, thus creating new problems. The Bank also demonstrated a pragmatic approach based on lessons drawn from experience since its 1975 Land Policy Paper. This reflected a rediscovery of the value of traditional land rights arrangements. The Bank report notes that compared to freehold titles, these may be more cost effective in increasing tenure security and even in providing a basis for land transactions.

In a later report, the World Bank (2004:13) concluded that success achieved in the land titling programme in Thailand was due to i) strong high level government commitment; ii) a graduated increase in cost recovery for land titling/registration services; iii) specially formed and trained systematic adjudicating teams which involved the local communities concerned; and iv) use of efficient new technologies. It also acknowledged (2004:14) that although the first Land Administration Project had delivered two million land titles, the institutional development component was less than successful and this was considered an important component of later loan objectives.

The need to recognise and work within available institutional resources was a key consideration in Cambodia, where Payne (2005:140-141, 2002:300-308) reports on proposals which advocated an incremental approach to integrating informal settlements into the formal land market. The intention was to increase security in line with the resources of local government in ways which minimise dramatic changes in land values and rents paid by the poor in informal housing areas. Communal tenure options were proposed which could lead to individual freehold titles for those willing to pay the surveying, legal and administrative costs involved. Communal land tenure options are also advocated by Boonyabantha (email communication 2006), reflecting on the experience of the Asian Coalition of Housing Rights.

Problems with the completion and updating of land registries has led to the adoption in several countries of land title insurance schemes. This evolved in the USA in the 19th century in an environment of poorly organised State-run deeds registries at a county-level and the rapid expansion of settlement (Land Equity 2006:108).

Few empirical studies manage to overcome the methodological problems raised in any attempts to assess the impact of land titling: informal settlements where real property rights have been allocated are invariably exposed to new dynamics of change, which usually results in social changes at settlement level. Households selected in a titled settlement population sample will not necessarily be the direct beneficiaries of the titling programme. Any sample survey in a titled settlement must be interpreted taken into account another survey carried out in a control group which had similar characteristics and lived in a similar settlements (in terms of location, tenure status, socio-economic characteristics) but did not benefited titling.

Finally, Kingwill et al (2006:1) draw on case studies and the literature to show that poverty reduction efforts of the scale required in South Africa and elsewhere require a great deal more than securing property rights in the manner prescribed. Tenure reform remains necessary and important, but is far from sufficient. In addition, it must be recognised that restructuring the dominant frameworks of property law and administration, so that they work to support the interests of the poor, is no easy task. We must build a better understanding of the complexity of multiple, informal tenures within the 'extra-legal' sector, in all their diversity, and acknowledge at the outset that they are fundamentally different to the individualised, exclusive, private property systems of Western capitalism".

The central conclusion from this review is that titles appear to be particularly popular when people feel vulnerable to eviction, or where they perceive that titling has given significant advantages to other social groups compared to those living under other tenure regimes. However, when people feel relatively secure, the priority appears to be to obtain services and community facilities as means of improving their lives. At present, the literature does not enable policy makers or administrators to anticipate what role titling can play in the wider objectives of promoting social and economic development and reducing urban poverty.

In her analysis of the impact of the 1998 Land Act in Uganda, Hunt (2004:190) claims that “De Soto may have under-emphasised a range of issues which also need to be confronted when formalising informal property rights systems. These additional issues include: the need for consultation and foresight in anticipating the impacts of reform, including impacts on third-party interests; the need to recognise that there are other major constraints on the formal provision of credit to the poor, in addition to their lack of title to mortgageable property, particularly in the farm sector; and the need to recognise that protecting the rights of the poor in the context of competing claims may diminish the value of the assets of the better-off, thereby reducing their ability to create ‘surplus value’: the implications of reform for investment and growth may not *all* be positive, at least in the short term”.

Payne (2000:10) also observes that “tenure regularisation programmes which operate at city level are likely to reduce market distortions, but impose an excessive burden on land registries. Conversely, those implemented at the local level will be easier to cope with, but are likely to increase urban land market distortions”.

It is also clear that many of the advantages for which titles are promoted, such as stimulating investment in property improvements, have also been realised by less formal increases in tenure status, which may also be much cheaper and easier to implement given limited institutional and human resources. Whether additional investments have been made by newly titled households or by higher income households replacing them, or indeed by private sector investors moving into newly titled locations, is also not clear.

5.3 Issues for further analysis

As we stated in the beginning of this review, land titling programmes have been promoted by a range of international development institutions and national governments for some years, despite the lack of independent empirical research to demonstrate that the claims made for them are achievable in practice. The texts reviewed demonstrate that whilst there has been progress in some respects, there are also limitations, neither of which have been adequately evaluated. More detailed and independent research is therefore urgently required to establish the social and economic impacts of such programmes so that policy makers can make informed decisions to meet the needs of all stakeholders within different social, cultural, economic, legal and institutional contexts. Whilst it cannot be assumed that outcomes observed in one case will be realised in different contexts, it is necessary to obtain more information on the factors which have generated such outcomes.

Benjaminsen et al (2006:4) pose two key questions for future research concerning the ILD conception and outcomes of future formalisation efforts. “First, will formalisation be strictly demand-driven, allowing communities to influence the pace and nature of the process and permitting individuals to abstain if they so wish? This is a watershed type of question, with huge implications for legitimacy, local participation, and conflict avoidance. Second, and linked to the above, will formalisation of land necessarily imply simplification and privatisation – that is, an inexorable move towards freehold rights – or can the process also embrace formalisation of communal rights, secondary rights, and multiple tenures”?

There are many issues which require further clarification in order to provide a basis for justifying urban and peri-urban land titling programmes as a central component of tenure policy. This review suggests that the additional social and economic impact assessments should be undertaken and that these should include the following topics:

- What differences are found in perceptions of security and investment levels in titled and untitled areas if titling is undertaken as part of slum relocation programmes, rather than in situ formalisation?
- What are the impacts of titling on tenants, women and other vulnerable groups?
- What are the impacts of titling on Foreign Direct Investment and domestic private sector investment in land? Is one realised at the expense of the other?
- In what ways and to what extent do the interests of newly titled residents and outside investors clash?
- Does increased medium term lending benefit newly titled households?
- To what extent does titling stimulate investment more than other tenure options?
- What are the impacts of dramatic or modest increases in property values following titling?
- What impact (if any) does titling have on household incomes?
- What impact does titling have on cities and communities, not just households?
- What evidence exists on the health impacts of titling compared to other tenure options?
- In cases where titling has generated increased investments, has this been undertaken by the original residents or others, such as private sector investors or replacing households?
- Does titling have different impacts in areas under customary than statutory regimes?
- Are costs of titling quantified? Are they affordable to governments and households?
- Are costs of titling recovered by taxes and other revenue streams?
- Are land and property registers updated as new transfers occur? What happens if they are not?
- What impacts are found in titled areas which cannot conform to planning or building regulatory requirements?
- How much does titling improve tenure security and increase investment by developers and other outsiders compared to resident households?

It is hoped that impact assessments will be routinely incorporated into the Terms of Reference for land titling programmes. It is also hoped that independent empirical analysis can be undertaken in selected countries during 2007 to address these issues, so that policy makers can be informed of possible outcomes when formulating or reviewing tenure policy applicable in urban and peri-urban areas.

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Others to be added

GLOSSARY OF TERMS USED

DFID	Department for International Development (UK Government)
FDI	Foreign Direct Investment
ILD	Institute for Liberty and Democracy
IPSI	Inter-Summit Property Systems Initiative
MCA	Millennium Challenge Account
USAID	United States Agency for International Development

Add others?

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