

April 2015 Newsletter:

IMPROVING AFRICAN PROPERTY RIGHTS

Rwanda's Land Registration System

When Anthony Hategekimana, a Rwandan entrepreneur, needed a bank loan to expand several of his businesses, he was unable to use his land as collateral due to a boundary dispute. Thanks to the Land Administration Information System (LAIS) project, supported by ICF, he was able to resolve this quickly and efficiently in order to raise the money he needed.

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A Note From Our CEO

ICF supports several projects across the continent to improve land registration processes. These projects help prevent boundary disputes and improve security for investors. Land owners, and especially businesses, also benefit from registered land as it enables them to use their property to access credit.



Addressing Property Rights in Africa Key to Economic Success

Property rights are not only important to land owners – security of land also attracts local and foreign investments. Data which ranks countries on the strength of their property rights has shown high-scoring countries enjoy greater levels of household income per capita and superior GDP growth rates compared to low scoring countries.

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Facilitating Business Security Through Land Registration

A modern, reliable and efficient land registration process is important to African economies because it promotes transparency and stimulates investments in land related sectors. The projects we support improve land administration systems in order to reduce the time and costs associated with registering land.

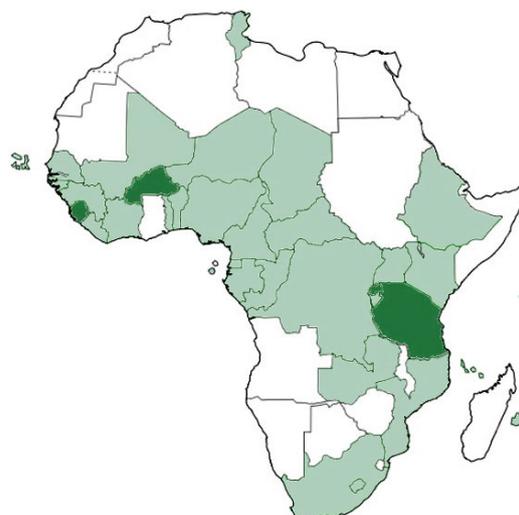
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ICF Activity Map

We have partnered with 4 African Governments to help them secure property rights for their citizens by improving their land registration systems. Facilitating improvements to land registration helps to prevent boundary disputes and increase investor confidence.

[VIEW MAP ONLINE](#)



Rwanda's Land Registration System

Anthony Hategekimana, a local businessman in Nyagatare District in the Eastern Province of Rwanda, is an enterprising man. A father of three, he runs a flour mill, a woodwork shop and cultivates fruits that he sells locally in his District, in the country's capital city Kigali, and in a major market at the Rwanda border with the Democratic Republic of Congo. To expand his businesses, Anthony approached one of the local banks for a loan, using his land as collateral. Thanks to the new Land Administration Information System (LAIS), the bank was able to determine that the land had a boundary dispute and advised Anthony to first resolve this before proceeding with his loan request.



Anthony Hategekimana was able to clear a boundary dispute on his land and obtain a new land title in seven days.

Funded by the Government of Rwanda and the Investment Climate Facility for Africa (ICF), LAIS is an electronic system that enables the Government of Rwanda to manage its land resources effectively. Until 2005, less than one percent of land in Rwanda was registered under freehold or leasehold titles. Then the Government embarked on an exercise to demarcate and register all parcels of land. By February 2015, 10.6 million parcels of land had been demarcated, 8.6 million of which had been registered and titles issued. All this land information is now stored and managed by LAIS.

LAIS enables the Government to determine, record, and disseminate information about who owns which piece of land, what its value is, and the usage of that piece of land. It is a great tool in assisting the Government to implement its land management policies because, among other things, it informs decision making.

"LAIS enables us to manage all the information and transactions affecting the owner, the land parcel, and the owner's rights," said Didier Sagashya, Deputy Director General at the Department of Lands and Mapping in the Rwanda Natural Resources Authority (RNRA). Any land transactions, be it sale, merger, transfer of rights or correction of boundaries, is processed through LAIS. Over 35 different types of transaction can be processed through the system, including restrictions, such as disputes, mortgage or court seizures.

Land transactions in Rwanda are administered at the district level and, to enable districts across the country to access the LAIS system, RNRA has connected all the 30 districts in Rwanda to a fibre optic network. This gives them a more reliable internet connection and reduces system downtime at district level. All 30 districts are now connected to LAIS, and 10 districts have started process applications through the system, including Nyagatare District. The roll out of the remaining districts is being done progressively.

Mugisha David Livingstone, the District Land Officer at the Nyagatare District Land Bureau, is happy to have the new land administration system. "When we process land transactions they have to be approved by the Deputy Registrar's office at the provincial level. Before we had this system, the approval took up to three weeks as all documents had to be physically sent to the Deputy Registrar's office. Now we just upload them into the system and within 24 hours we have the approval," he said. Boundary disputes are easier to handle too, thanks to the Geographical Information System (GIS) that has been incorporated into LAIS. "People are happy that a platform exists to handle boundary disputes," Mugisha said, as this enables them to get their land titles much faster.



All banks in Rwanda have been given access to the information contained in LAIS to enable them to verify land ownership, and therefore the authenticity of the land titles they accept as collateral for the loans they give. This is how Anthony's local bank caught the restriction that had been placed on his land.

Anthony went to the Nyagatare District Land Bureau and within seven days, the correct boundary between Anthony's land and his neighbour's land had been determined, the restriction in the LAIS system had been removed allowing him to apply for a bank loan, and he was issued with a new land title valid for 20 years. The new title enabled him to apply for a loan that covered a longer time period compared to his previous title which was valid for only 3 years. As a result, Anthony was granted a loan of RWF 48 million (about US\$ 68,000) by his local bank, payable in seven years, which he used to expand his businesses.

"I'm happy I managed to resolve the dispute with my neighbour quickly and get the loan," Anthony said. "The new land titles are good because the banks recognize them. I took a bank loan in the past using my old land title and because the bank could not easily validate the old titles, they required me to get the title notarized by the Rwanda Development Board Notary in Kigali which is two and a half hours away. It was a long and costly process."

LAIS is a vital tool for many different players in Rwanda. It provides property owners with guarantee of ownership and security of tenure; it gives banks and other lending institutions security of their credit; and it enables Government to sustainably manage land resources, facilitate land reforms and reduce land disputes.

According to the World Bank's 2015 Doing Business Report, Rwanda is ranked as the 15th easiest country in the world to transfer property and the 1st in Africa. This is partly due to the implementation of LAIS which enables people to process land transactions quickly and in a transparent manner. Not only does this efficiency boost investor confidence, it also gives the country a powerful tool for stimulating economic growth.

"If you give people the right to land, you are giving them capital because they can use their land as collateral to access finances. Then if you enable that process to be faster, you accelerate everything," Didier Sagashya said. "Rwanda is trying to become a middle income country by 2020 and what we can do is to fast-track and expedite business activities and bring investments in the country. We want investors to feel secure to come and invest in Rwanda because they know there are systems that are ready to accommodate their needs and protect their rights."

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Addressing Property Rights in Africa Key to Economic Success

Over the last few decades, it has become increasingly recognised by economists and policymakers that prosperity and property rights - defined as laws created by governments in regards to how individuals can control, benefit from and transfer property - are inextricably linked. Individuals and businesses will create new forms of property to generate wealth only when they are assured that their rights to their property will protect them against unjust or unlawful actions by other parties.

This view is backed up by the findings of the 2014 International Property Rights Index (IPRI), an annual comparative study that aims to quantify the strength of property rights of countries across the globe. There are three core components of the IPRI, namely legal and political environment, physical property rights and intellectual property rights.

According to the IPRI, countries with a high IPRI score are associated with high levels of household income per capita, receive more investment from foreign economic entities and have superior GDP growth rates compared to low IPRI scoring countries.

Overall, Africa scored poorly compared to other regions, with an average score of 4.8 out of 10, just below Latin America/Caribbean and Middle East/North Africa, which scored 5 and 5.6 out of ten respectively. The highest ranked region was North America at 7.9.

While certain African countries, including South Africa (6.7), Botswana (6.3) and Mauritius (6.3) performed reasonably well, several countries on the continent were amongst the worst performers in the 2014 IPRI, accounting for seven of the bottom ten places. These poor results were consistent across the three components comprising the index, including physical property rights, which remains a critical issue to future of economic development on the continent.

According to a recent World Bank report, "Securing Africa's Land for Shared Prosperity," , African countries could effectively end 'land grabs,' grow significantly more food across the region, and transform their development prospects if they can modernize the complex governance procedures that govern land ownership and management over the next decade.

It proposes the following actions to achieve this:

- Regularizing tenure rights of squatters on public land in urban slums that are home to 60 percent of urban dwellers in Africa.
- Tackling the weak governance and corruption endemic to the land governance system in many African countries which often favour the status quo and harm the interests of poor people.
- Generating the political will of African governments to mobilize behind these land reforms and attract the political and financial buy-in of the international development community.
- Championing reforms and investments to document all communal lands and prime lands that are individually owned

Further to this last point, one of the biggest challenges regarding property rights in sub Saharan Africa is that most land in the region has no registration of who owns it or has rights to use it. According to the World Bank Report, it is estimated that as much as 90 percent of Africa's rural land is undocumented, making it highly vulnerable to land grabbing and expropriation with poor compensation.

There are several arguments in favour of land registration, including:

Land registration stimulates more efficient land use, by increasing tenure security and providing incentives to invest in the longer-term management and productivity of the land.

Highest International Property Rights Index scores for African Countries



Source: 2014 International Property Rights Index

Land registration reduces transaction costs and enables the creation of a land market. For rural areas this allows for land transfers from less to more dynamic farmers, while in urban areas, it enables a formal market for land and housing that helps to increase supply and reduce prices. Land registration provides owners with a title that can be offered as collateral to banks, improving their access to credit.

Land registration provides governments with information on land-holders and size of plots, creating the foundation for a property tax system.

The more difficult property registration is, the more likely it is that assets stay in the informal sector, thus restricting the development of the broader public's understanding and support for a strong, legal and sound property rights system. Moreover, registration barriers discourage the movement of assets from lower to higher valued uses.

Much progress has been made on the continent around modernising land registries in Africa. According to the World Bank's Doing Business Report 2015, Sub-Saharan Africa accounted for the largest number of property registration reforms in 2013/14. For example, Mozambique streamlined registration procedures at the land registry and municipality level, while Côte d'Ivoire established a single process for property tax and registration, as well as lowering the property registration tax. Senegal replaced the requirement for land transfer authorization from the tax authority with a notification requirement, and set up a single step for transferring property at the land registry. While there are still many challenges around the securing of property rights in Africa, it is extremely encouraging that many countries on the continent are making progress in an area that is crucial to the fostering of economic growth.

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Facilitating Business Security Through Land Registration

Today, the Tanzania Investment Centre (TIC) and the Investment Climate Facility for Africa (ICF) have signed an agreement worth US\$ 950,000 on a project that aims to increase investments in the country by expanding, consolidating and promoting the Tanzania Investment Window.

Specifically, the project will launch and promote the Tanzania Investment Window through targeted communication efforts and strengthen TIC's capacity to manage the Investment Window. It will simplify processes and put the remaining One-Stop-Shop permit issuing procedures online. These procedures are: Certificate of incentives, tax exemptions, work permits and derivative rights to land. The project will also develop an aftercare component in the Investment Window to enhance TIC's services to investments. The physical One-Stop-Shop, which is housed at TIC's premises and has representatives from key permit issuing authorities, will also be modernized so it can provide better services to investors.



Speaking at the signing ceremony, Neville Isdell, ICF Co-Chair said:

“ICF is happy to be partnering with the Tanzania Investment Centre in promoting its investor facilitation services. Businesses of all levels, but especially smaller businesses, need to have a conducive environment in which to operate. When this is in place, businesses are able to grow, expand and flourish quickly and in greater numbers. They will then be able to contribute significantly to job creation and consequently to a more inclusive distribution of wealth across the country.”

Speaking at the signing ceremony, Hon. Eng. Christopher Chiza (MP), Minister of State for Investment and Empowerment said:

“Once completed, the Tanzania Investment Window will represent a new and innovative approach to the delivery of services for investors and will undoubtedly improve our country’s business environment and competitiveness. For the past few years as you are aware, Tanzania’s position in doing business reports and other international rankings has deteriorated sending a poor signal to investors on the country’s willingness to reform and develop the private sector. Completion of this online registration program will simplify business procedures drastically by removing important barriers to investment, entrepreneurship and job creation.”

This is the seventh project that ICF is supporting in Tanzania. Previous projects included: a feasibility study for a potential National Land Bank; modernization of the High Court and its three sub-divisions of Land, Commercial and Labour courts; assisting the Police Force to help ease the movement of goods on the highway from the Port of Dar es Salaam to Rusumo, on the Tanzania-Rwanda border; supporting TRA to do preparation work for Customs modernization. Ongoing projects include: implementation of the Tanzania Customs Integrated System to improve clearance of import and export goods; and building the capacity of SMEs to enable them to enter the formal sector.

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In Next Month’s Edition...

Trade Facilitation

In May’s edition we will focus on intra-African trade procedures and how they can be improved. Such improvements include reducing delays and inefficiencies associated in collecting information, submitting declarations and border checks.

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ICF Funding and Support

ICF provides a unique partnership between the private sector, African governments and development organisations to deliver a better investment climate for Africa. We continue to seek additional funds to enable us to increase the scope and impact of our work.

Development Partners

ICF receives support from the following governments:



And also from:



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