

EDI Research Link Up
Research Presentation
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Relaxing Credit and Tenure Security Constraints: Credit and Land Titling in Uganda



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Problem Statement/Motivation

- In the absence of well-functioning markets for land, credit, and, insurance, farming households are often forced to rely on informal institutions and networks that can limit their investment and welfare
- Theory suggests that addressing these inefficiencies jointly – rather than in isolation – could offer higher returns (Rosenzweig & Binswanger 1993, Besley et al. 2012)
- Understanding the complementary role of improving land rights and relaxing credit constraints is important for policy reasons, given increasing attention to land rights institutional reforms



Context

- In Uganda, as in many developing countries, levels of formally titled land are very low and formal credit markets remain thin (Findex 2017) – and gender differences in land access and ownership can further constrain investment
- World Bank's Gender Innovation Lab is partnering with Uganda's Ministry of Lands, Housing, and Urban Development and BRAC Microfinance Uganda to offer freehold titles and credit to rural households in southwest Uganda
- Results will inform Government's planned systematic land registration scale-up & BRAC Microfinance Uganda's national roll-out of a new ag loan product



Research Questions/Hypotheses

- Does relaxing credit constraints improve the impact of land titling interventions on investment, productivity, and welfare?
- Does the simultaneous relaxation of tenure security and liquidity constraints lead to more agricultural investment, or is the freed up “guard labor” (Besley & Ghatak 2009) instead allocated to off-farm activities?
- To what extent do these effects differ by gender?



Research Design / Methods

- To measure impact: Random selection at village level (378 villages) for titling & household level (1,646 households) for credit



Research Design / Methods

(Co-)titling intervention [*nearly completed*]

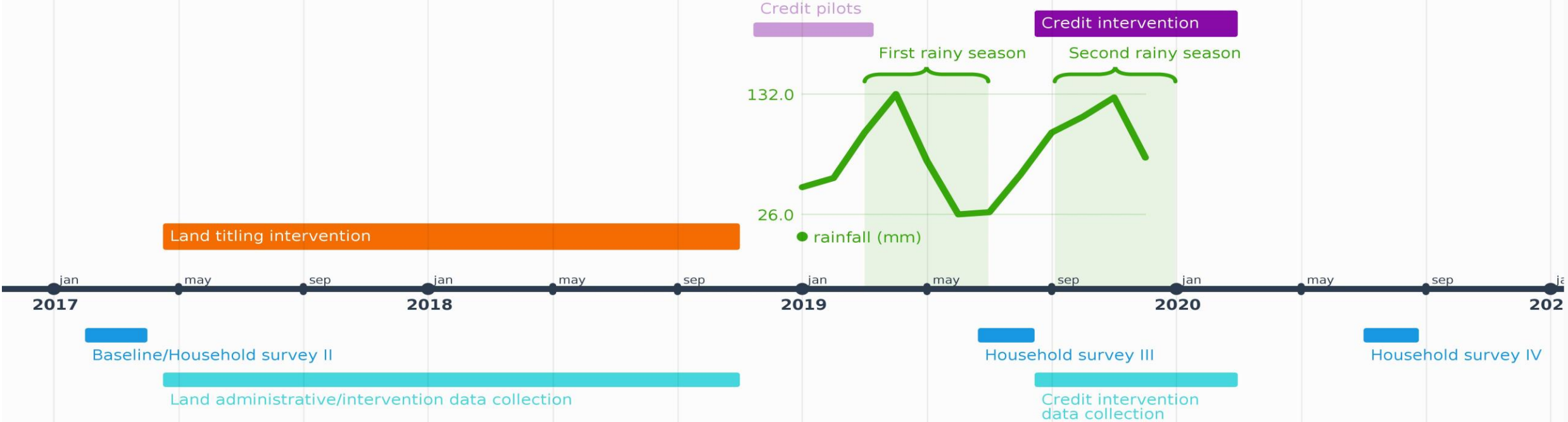
- Provided fully-subsidized individual or joint (husband + wife) freehold titles
- Experimentally varied whether household received a conditional subsidy (to jointly title), information on benefits of joint titling, or both

Credit intervention [*currently under design*]

- Loan product for agricultural households
- Recipient of offer (husband or wife) will be randomly assigned
- Features under discussion: flexible repayment schedules (Field et al. 2013) for ag or non-ag uses; subsidized interest rates to boost take-up – w/possible transfer to separate price & income effects; guaranteed line of credit to address weather risk (Lane 2018); loans at harvest (Burke et al. 2018)



Data Collection / Measurement Strategy



Data Collection / Measurement Strategy

Key outcomes of interest:

On farm:

- agricultural input (fertilizer, labor) use and investment (perennials, fallowing)
- crop choice and land area under cultivation by crop type
- agricultural productivity (self-reported value/GPS-measured plot area)

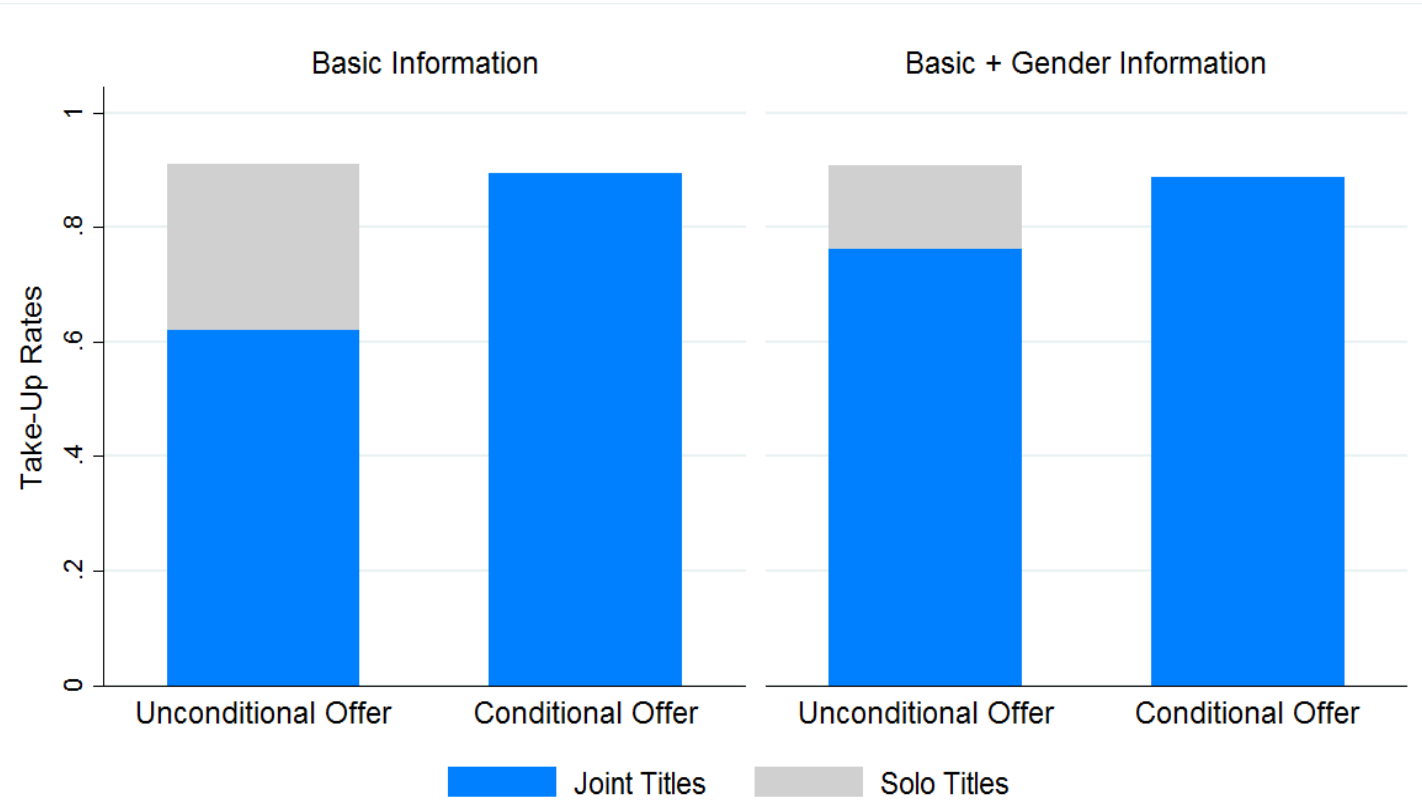
Household and off-farm:

- titling and credit take-up
- non-farm income generating activities and income
- migration
- health and education expenditure
- women's decision-making and bargaining power [possibly with IDM measures]
- resilience to shocks and reliance on social networks

Linkages: Comparable set of indicators and interventions being assessed across Gender Innovation Lab studies on land in Benin, Cote d'Ivoire, Rwanda, and Uganda



Early Results



Graphs by Information

Figure 1: First Household Visit



Challenges and Next Steps

Two primary challenges:

- Title processing and delivery: Delays in processing of titles slowed study implementation, but more than half of titles have now been processed, and the remaining to be delivered in next 2-3 months
- Credit product design: Typical ag loan products face very low demand (17-33%, J-PAL 2018), so team is working closely with BRAC to do qualitative fieldwork, product prototyping, and field piloting. Tradeoff between external validity and the need for sufficiently high take-up.

Next steps:

- Design finalization, credit pilots in late-2018/early 2019, household survey in mid-2019, roll-out of credit intervention to treatment households just after survey





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