

EGAP STORIES OF CHANGE

WHAT CAN DEVELOPING COUNTRIES DO TO PROMOTE URBAN PROPERTY TITLING?

LESSONS FROM THE DR CONGO

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EVIDENCE
IN GOVERNANCE
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The Metaketa Initiative is a **collaborative research model** with a mission to improve knowledge about critical governance issues through **rigorous field experiments**. In each Metaketa "round," the initiative coordinates multiple studies on a specific topic or intervention in a variety of countries and contexts.

The second Metaketa round focused on **formalization, taxation, and public services**, with studies in six countries exploring if demand-side behavioral interventions, which reduced upfront transaction costs that prevent people interested in entering into a fiscal contract with their government from doing so, increase formalization, access to public goods, and tax payments. Here we share the story of an experiment in the **DR Congo** to promote formal property titles and increase property tax revenue.

The Metaketa Initiative is led by Evidence in Governance and Politics (EGAP) at the University of California, Berkeley. It is partially funded by the UK's Department for International Development and involves a global network of researchers conducting studies in countries around the world.

PROJECT COUNTRY: DR CONGO



PROJECT TIMELINE

BASELINE: JULY 2017
INTERVENTION: SEPTEMBER 2017
ENDLINE: DECEMBER 2019



Chief cadastral surveyor of the Provincial Government of Kasai Central measuring a respondent's plot

THE CHALLENGE

Low rates of participation in the formal state sector are an impediment to good governance and economic development in many countries in Africa and elsewhere in the developing world. Governments struggle to levy taxes and administer public goods and programs among informal economic actors about whom knowledge is scarce. Take Kananga, DR Congo for example. Although it is the fourth largest city in the DR Congo, only 16% of properties have official legal title. In the context of Kananga, this low rate of formalization reflects the fact that the current procedure for obtaining legal title is difficult and costly. As a result, official legal title remains rare.

The absence of these formalized land titles creates a wide range of problems for citizens and for the state. On the citizen side, there is a risk of expropriation. This risk was recently laid bare in the Kamayi quarter of Kananga, where a number of households were displaced a government bridge construction project, without compensation. Such insecurity of tenure may decrease productive investment in the plot. Furthermore, land title is used as collateral for obtaining loans at the city's banks. Because official land titles are scarce in Kananga, the great majority of the population is effectively

barred from the formal financial sector. On the government side, the lack of property ownership information inhibits tax collection and the provision of public goods. A recent tax collection campaign (Weigel 2020) in DR Congo found that sending collectors door-to-door in randomly selected neighborhoods increased property tax compliance from 0.1% to 11.6%. But the majority of citizens continue to avoid paying taxes. Increasing official documentation of property ownership in the city may increase the state's ability to raise revenue through taxation. It will also increase the ability of the government to target public goods provision effectively.


With benefits on both the citizen and government side, expanding the formal land-titling database of the provincial government has the potential to improve governance, boost civic engagement, and stimulate investment in Kananga.

“CAN SIMPLIFICATION AND SUBSIDIES INCREASE DEMAND FOR AND ACCESS TO FORMAL PROPERTY TITLES?”



Residents help improve the local routes during weekly "Salongo" (local public goods provision by community members)

RESEARCH DESIGN



Old cadastral maps used by the Provincial Government of Kasai Central

INTERVENTION: SIMPLIFYING AND SUBSIDIZING ACCESS TO FORMAL PROPERTY TITLES

An ongoing project in Kananga, with a population of 1 million, seeks to understand property tax compliance by randomizing in which neighborhoods citizens receive household visits by tax collectors. Jon Weigel at the London School of Economics, who was working on this project, sought to build on this existing partnership with the provincial tax ministry. They, along with Gabriel Tourek at MIT and Harvard researchers Pablo Balan and Augustin Bergeron, worked together on an intervention, randomized at the household level, that included an invitation to a land titling program that lowered both the ticket price and the transaction costs of acquiring a land title. While individuals often pay \$1,000 or more for a title in Kananga, the titling program capped household outlays to the official price of \$100.

Furthermore, treated households were subsequently randomized into a price subgroup offering 0%, 25%, or 50% subsidies, such that a third of treated households could acquire a title for \$75 and \$50, respectively. Moreover, the program cut the transaction costs of obtaining a land title because government officials and program staff visited participants at their homes, obviating the need for citizens to make frequent trips to the government offices. In the context of this field experiment, the researchers examine two main questions:

- 1.) Who demands formal property rights in weak states?
- 2.) What are the effects of urban land titling on economic and political outcomes?

RESULTS

The land titling program in the DR Congo increased citizens' intent to formalize by 45 percentage points and the probability that households obtained a property title by 14 percentage points.

In the communities where the intervention did not take place, very few households tried to open a dossier in the government titling office. By contrast, almost half of the households that received the door-to-door titling program initiated a titling process by scheduling a visit from government land surveyors. Moreover, households randomly invited to participate in the program were 13.7 percentage points more likely to acquire the title compared to similar households in the control group. These stark differences in demand for titles suggest that the ticket and transaction costs are key constraints on land formalization in Kananga.

This project's results are most similar to those observed in the India study that formed part of this Metaketa round. While the India project focused on acquiring formal access to water connections, both studies found that there was a latent demand for formalization but that bureaucratic obstacles limit formalization. In India, the process for water connection is complex and bureaucracies do not act in coordination with each other. In the DR Congo, individual bureaucrats are poorly paid and have weak incentives to simplify government procedures or to encourage formalization.

45

Citizens' intent to formalize increased by 45 percentage points.

14

Probability that households obtained a property title increased by 14 percentage points.

LESSONS + IMPACT

Perhaps the most important lesson is that citizens have high demand for formal property rights in Kananga and yet are stymied in their efforts to obtain property titles by excessive bureaucratic red tape and weak incentives among bureaucrats. Urbanization is proceeding rapidly in sub-Saharan Africa, and many cities are facing similar formalization bottlenecks to the one studied in Kananga.

Yet, importantly, governments stand to benefit from land formalization as it may facilitate formal property tax collection and usher in heightened economic activity. Governments may thus have incentives to reform the bureaucracies in charge of land formalization by simplifying procedures to obtain formal titles or by strengthening individual officials' incentives to respond to citizens' demands. Indeed, the provincial

governor, who presided over a ceremony issuing new titles to property owners in Kananga, has championed the initiative and supports the scale up of the program.

Key takeaways from this project and the other studies that form this Metaketa round suggest that formalization is attractive to individuals when governments offer valuable personal benefits, such as access to retirement income in exchange for formalizing. Furthermore, formal government services need to be more valuable than the alternatives available in the informal sector in order for there to be a demand for formalization. Finally, and perhaps most importantly in the case of the DR Congo, to increase formalization, governments need to consider the individual's perspective of the process and that of government bureaucrats.

QUESTIONS FOR FURTHER CONSIDERATION

As researchers and practitioners continue to study how to lower the barriers to formalization, here are a few questions for further consideration:

- Do people receive individual or group benefits from formalization?
- Can they access similar benefits in the informal sector?
- How costly and complex is the process?
- Do the benefits outweigh the costs?
- Do politicians and bureaucrats benefit from formalization?
- Do politicians and bureaucrats see it in their interest to simplify procedures?



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LEARN MORE

For additional information about this study, visit the [project webpage](#).

Explore other projects in the [Metaketa II round](#).

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