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Bulletin editor: **Philippine Sutz**, Senior Researcher, Legal Tools, IIED

Why urban land governance matters

LEGEND Core Land Support Team

According to recent reviews, the focus of DFID's land governance work over the past decade has been primarily rural. Flagship programmes such as **Land Investment For Transformation (LIFT)** in Ethiopia and the **Land Tenure Regularisation Programme** in Rwanda have primarily focused on delivering systematic land registration in rural areas, meaning relatively limited attention has been paid to urban land reform and how to support progressive change in urban areas.

However, with DFID stepping up its work on cities and urban development through programmes such as **Infrastructure and Cities for Economic Development (ICED)** and **Cities Infrastructure for Growth**, the case for a stronger focus on urban land governance has become increasingly clear. Indeed, many global economic and social development priorities will simply be unachievable without an approach

to urban development that is better regulated, more sustainable and meaningfully equitable. Clearly, the control and governance of urban land plays a critical role in this, potentially either enabling or blocking progress.

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Almost every urban development issue is connected with how land is accessed, valued and used, as well as how land use planning is conducted. This is the case regardless of whether the issue is affordable housing, limiting urban sprawl, using land as an asset to generate revenue for local government,

developing efficient transport systems, or building infrastructure adapted to extreme weather events. Invariably, progress in these and other areas, the question of who benefits and who loses out, as well as the level of political will to drive change – as highlighted in the articles in this issue – all depend on the systems governing land rights and land transactions. The efficiency, transparency and fairness of these systems is therefore key.

As the articles below highlight, a number of tools and solutions have already been utilised to good effect by municipalities in managing urban land and making cities work better. While many policy questions remain – particularly where customary and formal land tenure systems overlap, as is the situation in and around many African cities – the bigger challenge appears to be generating the political will and incentives needed to take difficult decisions on urban land. This is particularly so in cases where reforms impact entrenched political interests, disrupt the balance of power around land, or when the economic and political returns brought about by better systems fall outside short-term electoral cycles.

The urban land governance agenda is both complex and increasingly urgent due to accelerating rates of urbanisation. Progress will depend on governments, multilaterals, civil society and the private sector forging close partnerships in order to find appropriate solutions and seize opportunities for reform.



Contact LEGEND legend@odi.org.uk

Efficient governance of urban land: an impending global challenge

Geoffrey Payne, Housing and Urban Development Consultant

For several decades, the majority of people in rapidly urbanising countries have faced a near insurmountable barrier in finding secure, affordable land for housing or other uses in locations that provide access to livelihoods and services. More recently, the problem has spread to people in more affluent countries, making it a global issue. Why, at a time when economic growth has lifted tens of millions out of poverty, is this the case? Put simply, land has become a key factor in two of the major issues facing humanity – the maldistribution of wealth and the climate crisis.

The global penetration of market-driven forms of land management has overridden customary, religious and other indigenous systems of accessing, holding, developing and transferring land, meaning it is now valued almost exclusively in financial terms. This is not accidental, but the inevitable outcome of a neoliberal economic system whereby supply is intentionally constrained in order to inflate prices, protecting the interests of an affluent minority.

Despite the financial crisis of 2008, land remains an attractive investment option, particularly in urban and peri-urban areas where population growth and migration are driving increased demand. For the majority of people globally, land price inflation now exceeds increases in income, causing a ripple effect that has also increased rental costs. The inequitable distribution of land holdings reinforces income inequality, exacerbating social tensions and threatening economic stability both at a national and international level.

The concentration of land in the hands of an affluent minority enables them to influence policies that directly and indirectly impact less fortunate social groups. As the social, cultural and economic divide separating those holding the levers of power widens, so the elite have increasingly less awareness of, or interest in meeting, the needs for



land and housing of disadvantaged groups. This reality was demonstrated to tragic effect in the Grenfell Tower disaster in London. For hundreds of millions of people globally, their only option is to occupy whatever land they can in order to access services and livelihoods.

Reducing the exposure of vulnerable population to environmental risks needs to be a higher priority for urban land governance.

Global warming has intensified storms, with consequent flooding that particularly affects the poor, who are invariably forced into vulnerable locations. Reducing their exposure to such risks needs to be a higher priority for urban land governance. This requires state agencies to be more efficient in regulating land markets, thereby ensuring a reasonable proportion

of incremental land value rises resulting from state action is captured for allocation in the public interest. Greater transparency is also needed, along with regulatory frameworks for land development that reflect local needs and resources, rather than simply aspirations.

Fortunately, a wide range of land management policy instruments exist that have helped to reduce inequality and the exposure of vulnerable groups to environmental risks. These include, among others, land value capture, Community Land Trusts, land pooling or readjustment, land sharing, cooperatives, equity sharing and serviced sites. All that is required is the will to adopt and enforce them. Meanwhile, the international community and professional institutes can perform a valuable role through funding and capacity-building programmes.

Contact Geoffrey Payne
gkpayne@gpa.org.uk

Obstacles to making the most of urban land

Victoria Delbridge and Priya Manwaring, Cities Economists, IGC Cities that Work

People across the globe are migrating to cities at a rapid rate. By 2050, it is predicted that 68% of the world's population will be urbanised – with urban populations in sub-Saharan Africa **increasing by over 40% over this period**. As more people move to a city, increasing demands are placed on its assets and resources, and in particular land. A city's land is the basis upon which all urban life is built – whether that be the homes in which families are raised, the high-rise office blocks where entrepreneurs share innovative ideas, or the transport systems connecting people to places of work, play and opportunity.

While land may be a city's most valuable asset, it is often susceptible to misuse. In Harare, Zimbabwe, and Maputo, Mozambique, for example, more than 30% of land within 5 km of the Central Business District remains unbuilt. This lack of density has enormous impacts on the cost of housing and transport, as well as **creating a city that contributes more emissions per unit of land**. Effective land use is central to determining whether a city is capable of becoming an engine for growth, social inclusion and environmental sustainability. Three key obstacles to achieving this are outlined below.

Insufficient clarity over land ownership

A spectrum of land tenure systems – ranging from informal customary land rules to formal leasehold and freehold titles – can be seen in many developing cities. These systems vary in terms of the level of security afforded to urban dwellers and investors, the ability of government to enforce taxation and planning on them, and how land can be transferred to meet the changing needs of a city over time. Contested claims to land abound, with around four in five court cases in many African countries related to land disputes.

As a result, land remains in a state of gridlock, with owners discouraged

from developing their land or selling it to a more productive owner, and city officials unable to implement coherent land-use plans or generate land-based revenues through taxation. In this way, both citizens and governments are prevented from maximising any benefits derived from urban land.

Unrealistic and reactive urban planning

In the absence of realistic and proactive planning, urban land frequently becomes occupied in a haphazard way, characterised by limited coordination and urban sprawl. Unrealistic urban land-use planning is often based on outdated colonial legislation or imported designs, both of which are not fit for context. The outcome is plans and regulations that are either unimplementable, spatially divisive, or plunge developing cities into crippling debt through unnecessary infrastructure projects. In Dar es Salaam, Tanzania, for example, the minimum lot size is 375m² – as compared to 28m² in Philadelphia, United States, at its early stages of development. As a result, **90% of the city does not comply with this regulation**.

Effective land use is central to determining whether a city is capable of becoming an engine for growth, social inclusion and environmental sustainability.

Planning for urban land use is perhaps most critical in terms of laying the groundwork for guiding and coordinating private investment. However, in many developing cities, land use planning is merely reactive to existing, and rapid, unplanned urban sprawl. Two main consequences arise. Firstly, not

enough land is set aside for the infrastructure necessary to service citizens, such as roads, sewerage, electricity and schools. For example, on average only **10% of cities in sub-Saharan Africa are devoted to roads** (subscription access only), compared to 30% in other parts of the world. Retrofitting such infrastructure after settlement is **up to three times more costly**, and of course far more politically challenging.

Secondly, urban activities are not coordinated in a way that allows for cities to be productive, liveable and resilient. Proactive land-use plans allow cities to overcome the negative side effects of industrial production on housing by ensuring the two are separated. Furthermore, plans can steer complementary firms to be located close together, reducing the logistical barriers to enhanced productivity. Proactive and coordinated planning also reduces the overall carbon footprint of the city by ensuring that people live and work in close proximity and with short commutes, and that there are adequate allowances for green corridors to provide essential environmental services such as water drainage and urban temperature control.

Inefficient land administration

Policies and legislation on land rights and land use planning are only as good as the legal and administrative systems underpinning them. In many countries, land registries are out of date, manually recorded, and based on multiple conflicting forms of documentation. As a result, even formal land rights cannot offer the security needed for households and investors, and transfers of land can often get tangled up in lengthy legal battles. At the same time, high administrative costs, delays and complex systems of land regulation are likely to reduce compliance with land use planning, especially in cities where per capita incomes are low. In India, for example, re-planning

of peri-urban areas through land readjustment requires landowners to submit up to 14 different “no objection” certificates. As a result, it is estimated that **only 20% of agricultural land allocated for urban residential use can actually be used for this purpose.**

In summary: cities are growing, they are our future, and they need to work. To serve as a platform for productivity, liveability and sustainability, land needs to be transferred to its highest value use and coordinated in a way

that makes sense. This requires clarity over land rights, proactive and realistic urban planning, and efficient land administration. While the goals are clear, the implementation remains open to debate: are formal land tenure systems the only way to achieve efficient land use? How can land rights be strengthened in customary-ruled urban areas? How can developing cities better predict and plan for spatial expansion? Does decentralisation ubiquitously improve land administration? And

how can modern technologies assist in improving efficiency?

For more information, see:

- Collier, P., Blake, M. and Manwaring, P. (2018). **Making the most of urban land. IGC Growth Brief Series 013.** London: International Growth Centre.
- Collier, P., Glaeser, E., Venables, T. and Manwaring, P. (Forthcoming). Land use planning for productive and liveable cities. IGC Cities that Work Policy Paper. London: International Growth Centre.

Contact Victoria Delbridge
victoria.delbridge@theigc.org

Unregulated growth of peri-urban land markets: the case of Dar es Salaam

Oumar Sylla and Sina Schlimmer, The Global Land Tool Network

Cities in sub-Saharan Africa are currently experiencing unprecedented population growth, a trend that is set to accelerate over the coming years. Currently, around 40% of the continent’s population live in urban areas; by 2050, **it is estimated that this figure will rise to 55%.** Rapid urban expansion has triggered a sharp increase in demand for land in urban and peri-urban areas, which presents major challenges in terms of land management and governance. One such challenge is that land markets often lack regulation, especially in peri-urban areas, where land prices remain relatively affordable and the number of land transactions and changes in land use are increasing significantly. The situation of Dar es Salaam, presented below, is reflected in many other African cities, and reveals how policymaking has failed to ensure the efficient management of land in a context of rapid urban expansion.

At a rate of around 5.8% per year, Dar es Salaam is one of the fastest growing cities in the world, with its population expected to exceed 10 million by 2050. As a result, the outskirts of Tanzania’s economic capital are subject to numerous deals. These deals, which mostly involve arable land plots, are more

or less formal, and together form a complex and fast-moving land market. While land markets in the districts surrounding Dar es Salaam (especially Bagamoyo, Kibaha, Kisarawe and Mkuranga districts) are extremely diverse in terms of the procedures, interests and stakeholders (which include land buyers, sellers, brokers, hybrid land agents, land companies, saving associations) involved, the following trends can be identified:

- **Land is sold in order to quickly access cash:** indigenous landowners living in the rural fringes of Dar es Salaam – mostly farmers – are becoming increasingly aware of the economic value of land, and therefore use it as an alternative source of income during periods of economic shortage, for example when they are experiencing limited returns from their agricultural activities. Land is generally sold by male individuals through local leaders or informal land agents (*dalali*);
- **Land is mostly bought by informed middle-class urban dwellers** who use it for residential purposes, weekend farming or, in most cases, speculation, the latter provoking conflicts with local inhabitants who encroach on unused areas;

- **The involvement of informal land brokers** and hybrid land agents (such as public surveyors, planners and land officials) contributes to land speculation and artificial increases in land price;
- **Private land-selling companies** that provide land planning and surveying services further spur activity in peri-urban land markets.

Policymakers and local governments face a number of challenges arising from the unprecedented growth of peri-urban land markets. These include:

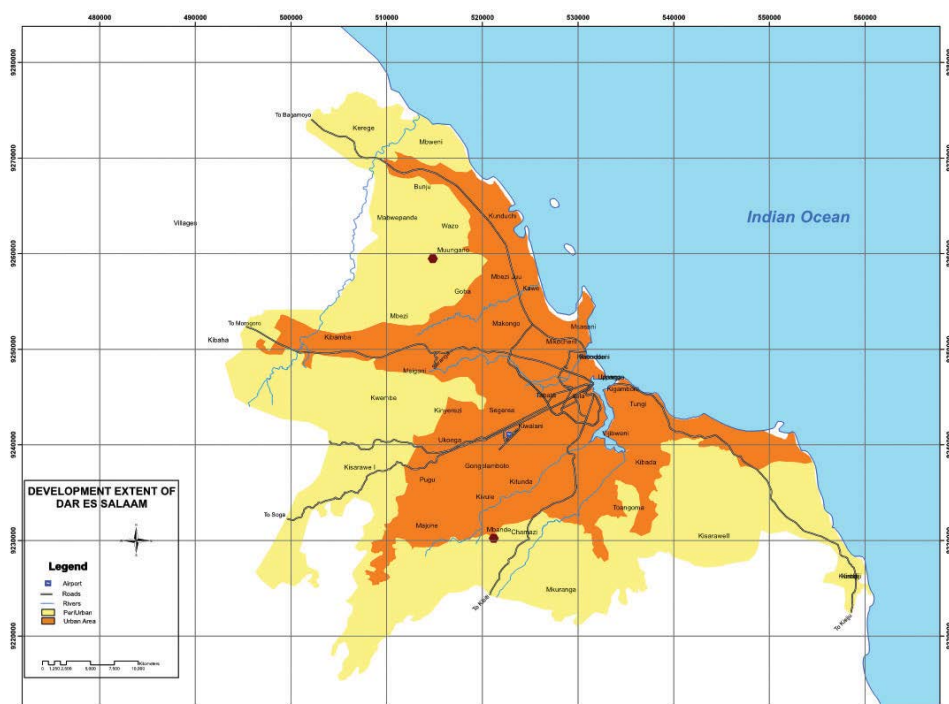
- an **asymmetry in knowledge** regarding the value of land between land sellers and buyers. While local inhabitants sell agricultural land relatively cheaply, middle-class buyers purchase land with the intention of selling it on for five times the price or more. As observed by Tanzanian civil society actors, land selling in peri-urban areas represent impoverishment traps;
- land transactions with private companies being seen by local governments as opportunities for urbanisation and land servicing, which in turn encourages funding from central government. This involves a change from agricultural and pastoralist land use to urban (residential, infrastructure, commercial, etc.) land use, all

without any proper land-use planning. As a result, economic interests often prevail over sustainable land-use approaches;

- local authorities being forced to expand their limited capacities and resources on measures – such as producing local land-use plans, or district-level master plans – designed to regulate (often informal) land transactions.

Despite these obstacles, an array of practices, tools and policy approaches are available to address the challenges of mushrooming land transactions and informal land markets. These include:

- land tools, such as tenure-responsive and participatory land-use planning and land readjustment in peri-urban areas. Such tools offer a key means of ensuring efficient but sustainable land markets and inclusive urban growth, while at the same time taking into consideration the needs of all stakeholders concerned;
- capacity-building and training for local authorities and land professionals representing the public interest;
- international guidelines and programmes – such as the UN-Habitat programme on rural-urban linkages – promoting territorial planning for integrated and connected cities. These should be utilised by national governments in order to draft relevant urban and land policies;



- an integrated approach to both land and urban policy formulation. This is in contrast to the two areas being considered as separate policy sectors, as is the case in Tanzania and many other countries.

If land is to become a driver of economic transformation and social equality in sub-Saharan Africa, a new approach is required for dealing with land governance in the context of urbanisation. This should include close examination of the issue along the urban-rural continuum, and integrating policies so that they combine and

address various factors, including population, informal settlements, housing need and market value, and environmental protection.

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Contact Sina Schlimmer
sina.schlimmer@un.org

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 Page 1: Dar Es Salaam sunset. Credit: David Stanley, Creative Commons via Flickr
 Page 2: Street market in Dar-Es-Salaam. Credit: Matthias Ripp, Creative Commons via Flickr
 Page 5: Development extent of Dar-Es-Salaam. Credit: Global Land Tools Network

About us

Land: Enhancing Governance for Economic Development (LEGEND) is a DFID programme that aims to improve land rights protection, knowledge and information, and the quality of private sector investment in DFID priority countries. It includes the development and start-up of new DFID country land programmes, alongside knowledge management activities, a challenge fund to support land governance innovations, and management of complementary DFID grants, MoUs and contracts, and supported by a Core Land Support Team.

Future issues of this bulletin will feature updates on our most interesting findings and results, keeping you posted and enriching the debate. Contributions reflect their authors' views, not those of DFID or members of the LEGEND Core Land Support Team.

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