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Title: Financial Inclusion through increasing land access rights and improving security of tenure a major pillar to reduce inequality and poverty in Uganda.

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ABSTRACT:

African societies are characterised by income inequality and poverty. Whereas there are many alternative avenues to escape poverty, access to financial inclusion is critical. The most cited barriers that cause financial exclusion are income related inefficiencies, ignorance and illiteracy but also key is lack of collateral and documentation. Land being one of the best collateral items also fails the indigenous man because there is a high rate of undocumented land ownership. There is a need to improve the livelihood of the indigenous Ugandan through the provision of subsidies or affordable, flexible and efficient financial services as well as enabling them to acquire land, have secured tenure for the land they possess with sustainable land use practices at the fore front. Financial Services designed to promote access to land, rights and fostering the development of land are needed for clients who are financially constrained but want to secure tenancy and have official documentation for their land (Increasing their land access rights). Services tailored to help the indigenous man to acquire cheap loans in order to facilitate the title acquisition process. Having security of tenure in turn ignites the pathway to development.

Detail

The Uganda Financial Services Inclusion program indicates that 1.78 million men, 2.4 million women, and the majority of small and medium businesses in Uganda do not have access to services that allow them make maximum utilisation of their resources especially land. The lack of access to financial services is a key constraint to both economic growth and poverty alleviation. Financial services significantly increase open opportunities for the poor to escape poverty. Statistics according to finscope report 2013 Show that the percentage of people that have access to financial institutions in Uganda are 54% in 2013 Usage from a gender perspective leaves the men at 14% and women at only 5%. Women remain a weaker gender despite the struggle to have them uplifted. If 100% of a household belongs to a man especially in the traditional setting, they have almost no control over the financial situation in a household. The bank in the nearest town dictates that for one to access credit, they need collateral not less than land ownership, motor vehicle, buildings or fixed assets. Only a few microfinance institutions collude to chattels and yet asset backed lending continues to expand in Uganda. As we cry out for financial inclusion, how are we going to help the rural population to accumulate assets and make maximum sustainable use of land.

In 2010, Buganda Land Board introduced the Land Title Access Financing Initiative (LAFI) intended to enable millions of tenants living on land owned by the Kingdom of Buganda to get credit from formal financial institutions to acquire land titles. With over 7million people living on land managed by Buganda Kingdom, more than 90% derive their livelihood from self-employment in micro businesses which typically do not have trading licenses or rental agreements that is if they are even located in a proper building. The owners do not have addresses, nor bank accounts. They are at the base of the pyramid, holding on to undocumented land as the only asset they have to help them escape poverty. These families cannot access the

microfinance products set up by the 19 financial institutions for lack of documented income streams because they derive their income from undocumented micro businesses. Even with such initiatives placed by Buganda Land Board, the percentage of tenants that hold titles is barely 3%.

Buganda Land Board manages the land on which the millions of the undocumented tenants occupy. It is prepared to enter into lease agreements with the tenants to enable them acquire land titles. BLB has entered in memorandums of agreement with local governments, and the central government to streamline the titling process on its land and has been running various campaigns, inviting people to regularize their tenancy along the security of tenure continuum. The ideal is to have every piece of land as an asset to the owner which in turn relates to the sustainable development goals No poverty, Zero hunger, Women and rights. (SDGs 1,2,3,5,6,11)

Recommendation:

More sensitisation to the indigenous man about the relationship between land and poverty and the need for acquisition of proper documentation on land is needed in Uganda. Many are ignorant about the best options of land use and the potential for income generation thus find the weaker alternatives to getting revenue than to make maximum utilisation of the land they own. Although the Buganda Land Board has a sensitisation team, it is limited by funds to make greater impact.

Whereas security of tenure is desirable at the end of the day, the costs incurred for the different processes are high for the average Ugandan which hinders many from the prospect of having security of tenure. Those that use financial services incur an extra cost of the interest charged. Buganda land board envisions to have every piece of land as an asset to the land lord but it is not easily achievable due to bottle necks described above. It is therefore recommendable that the costs for the process of securing tenure be subsidised in order to make it affordable for the indigenous Ugandan. Any aid that can be granted to make the cost of land access and security of tenure less is ideal. There was a mass registration campaign as well as mass titling at Buganda Land Board where the costs were reduced and this caused a substantial increment in the number of people regularising their tenancy, acquiring titles and there was significant impact on the number of recommendations made to the financial institutions.

The interest given by financial service providers should also be lower to make it affordable for the indigenous man. The goals for such financial institutions should be; Enabling security of tenure, Urban and rural lending, community owned banking, and asset development strategies, Fostering Community Investment. This comprises consumer-owned businesses, social businesses, and social investment. The springboard of such financial services should be compassionate financial inclusion that includes a range of support services for its members through increasing land access rights and strategic projects in rural and urban areas of Uganda.

Conclusion:

The indigenous people are a ready source of labor. However, Labor without Land access, Land ownership rights and sustainable land use practices may not yield fruit to development. Land ownership rights facilitate the access to finance which can also be referred to as capital. Access to finance enhances the ability of people to engage in economic activities that lead to development. Incentives to have financial inclusion expanded and land access affordable are required.