

> Breaking new ground: application of the MSD approach to land certification in Ethiopia

25th January 2022



Andy Smith
DAI
LIFT Team Leader



Ignacio Fiestas
Nathan Associates
LIFT Market Systems
Advisor



Solyana Amsalu
Consultant
LIFT Team Leader for
Market Systems
Component



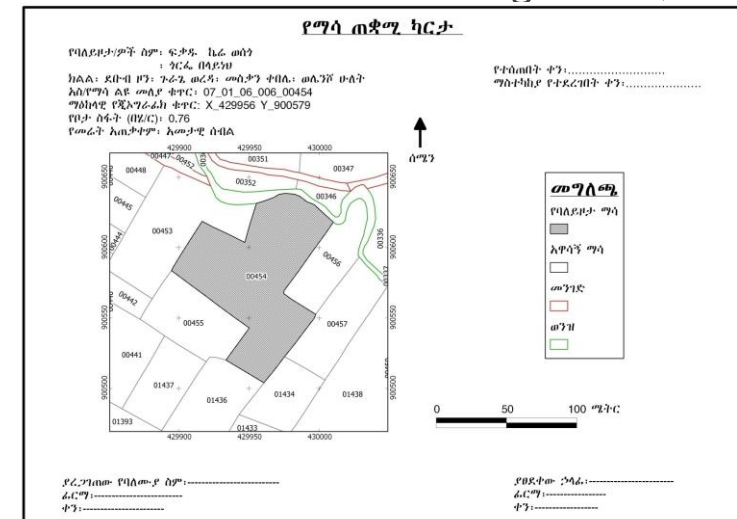
Enrico Neumann
Nathan Associates
LIFT Monitoring and
Evaluation Manager

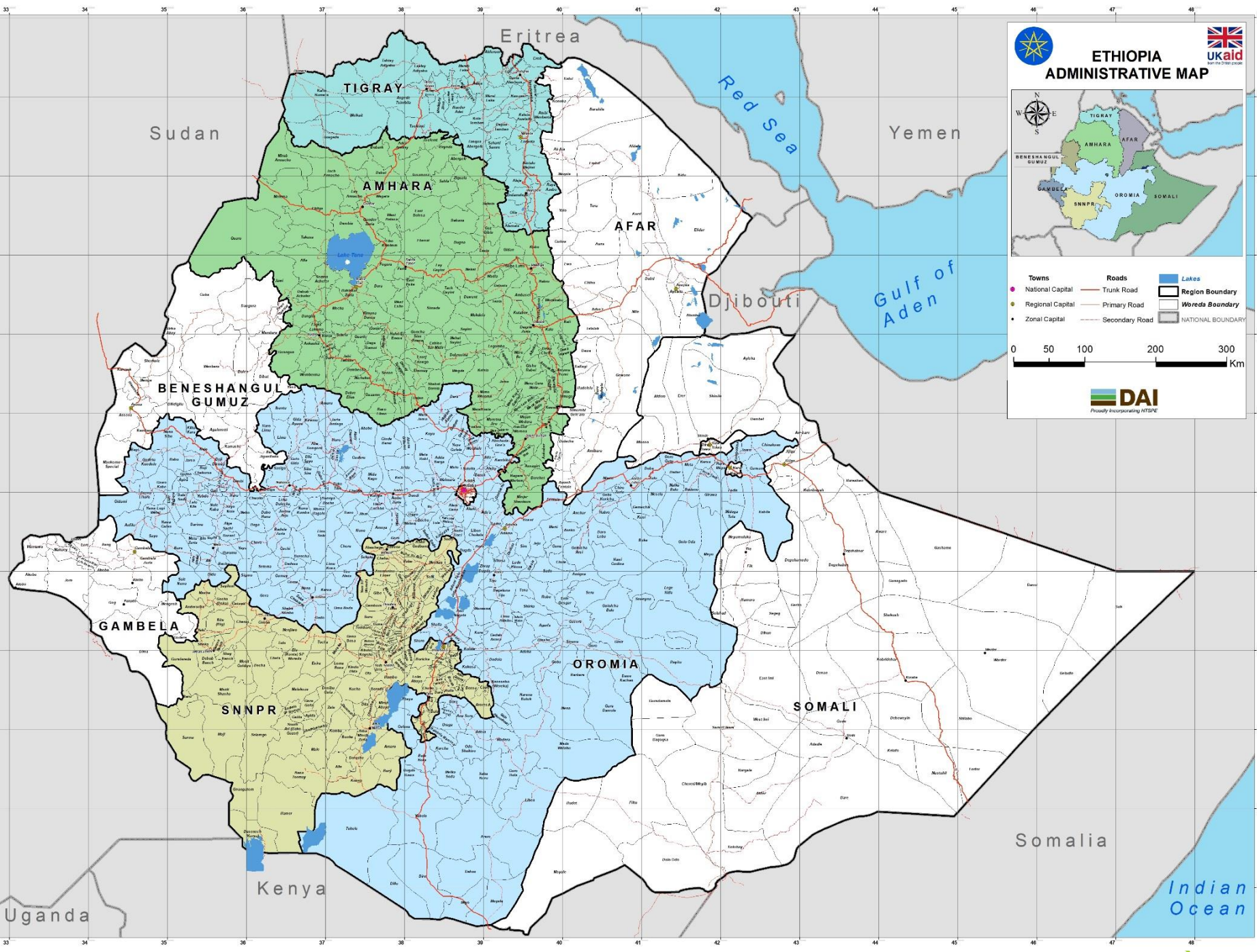


FCDO funded 7-year Land Investment for Transformation (LIFT) programme in Ethiopia (March 2014 to July 2021)

Aim: to improve the incomes of the rural poor and to enhance economic growth, through the following components:

- Component 1: Registering 14 million geo-referenced land certificates (Second Level Land Certification – SLLC)
- Component 2: Improving Ethiopia's Rural Land Administration Systems (RLAS)
- Component 3: Increasing the value of the SLLC by applying the MSD approach
- Component 4: Improving the policy and institutional environment in the rural land sector







ETHIOPIA
ADMINISTRATIVE MAP





Towns

- National Capital
- Regional Capital
- Zonal Capital

Roads

- Trunk Road
- Primary Road
- Secondary Road

Lakes

- Lake

Region Boundary

- Woreda Boundary
- NATIONAL BOUNDARY

0 50 100 200 300 Km



DAI
Proudly Incorporating HTS/NE

Indian Ocean

Overall summary of results

- FCDO's largest land programme / £73 m (\$99m) / 2,000 staff / 100 vehicles / 4 regions
- First large-scale land tenure reform programme to include a market systems component
- A++ or A+ in last three Annual Performance Reviews
- Nearly 16 million parcels demarcated (against 14m target)
- 90% of land certificates include a female
- Cost per parcel of £3.49 (\$4.62)
- LIFT had a significant impact on farmers



+13 million certificates
distributed to +5
million households
(tenure security)

MSD: certificate was
leveraged to access
credit and increase
rental

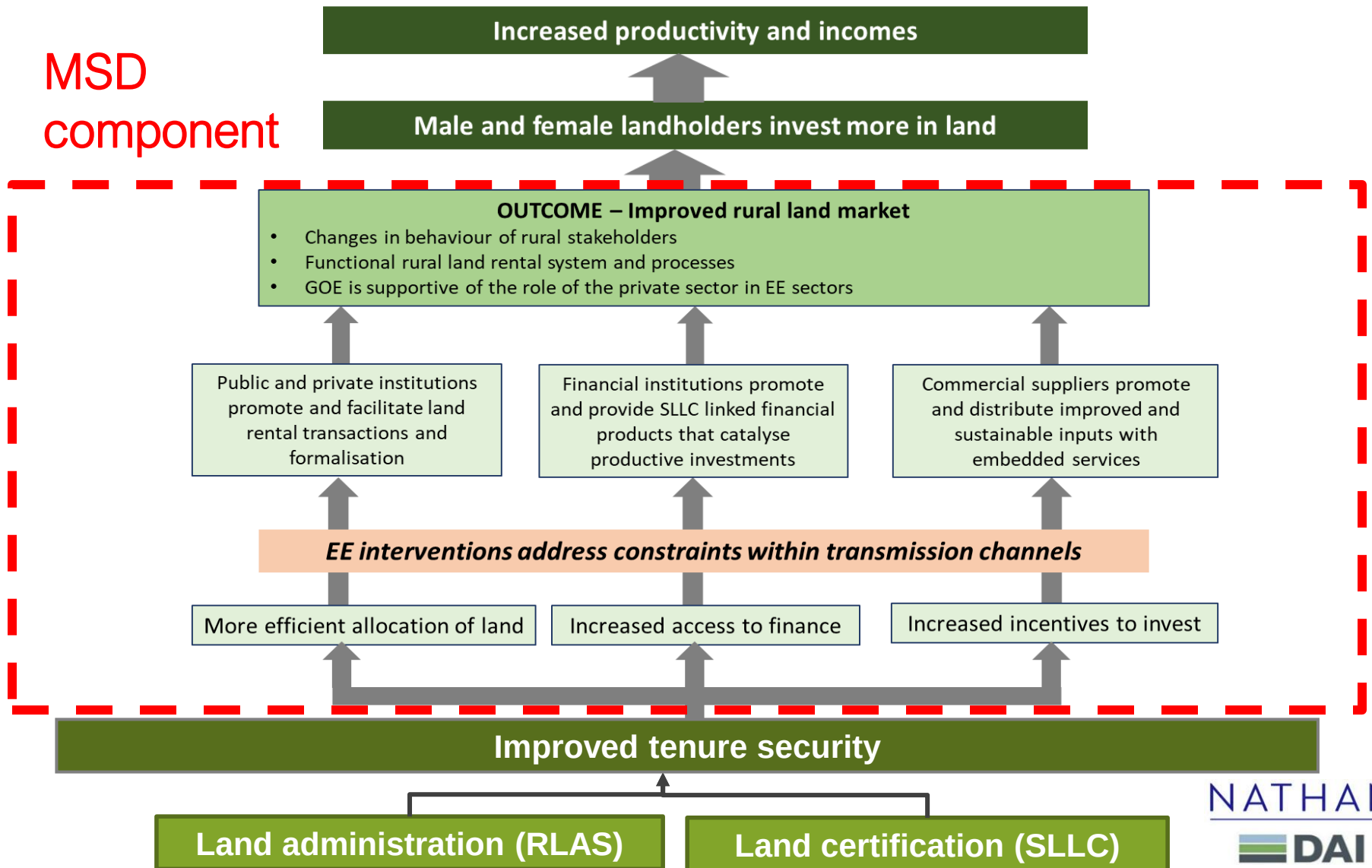
Farmers invested
more; productivity
and incomes
increased

Strong impact on
women and
vulnerable groups

LIFT's market systems component

Why do we need MSD in land?

MSD component



LIFT's MSD component



Rural land rental sector

1. Introduction of a commercial rural land rental service provision system.
2. Increase awareness of functioning of rural land rental system.
3. Generate evidence to improve policies in land and land-related markets.

Access to finance sector

4. Promote new agricultural individual loan product linked to SLLC.
5. Promote development of insurance product linked to SLLC loan.
6. Promote partnerships in finance to overcome risk and sector limitations

Environment and conservation agriculture sector

7. Develop environmentally sustainable input distribution model.
8. Facilitate delivery of good agricultural practices and information to farmers.

Dispute resolution sector

9. Enhance capacity of actors in dispute resolution system.

Deep dive into LIFT's innovative loan product

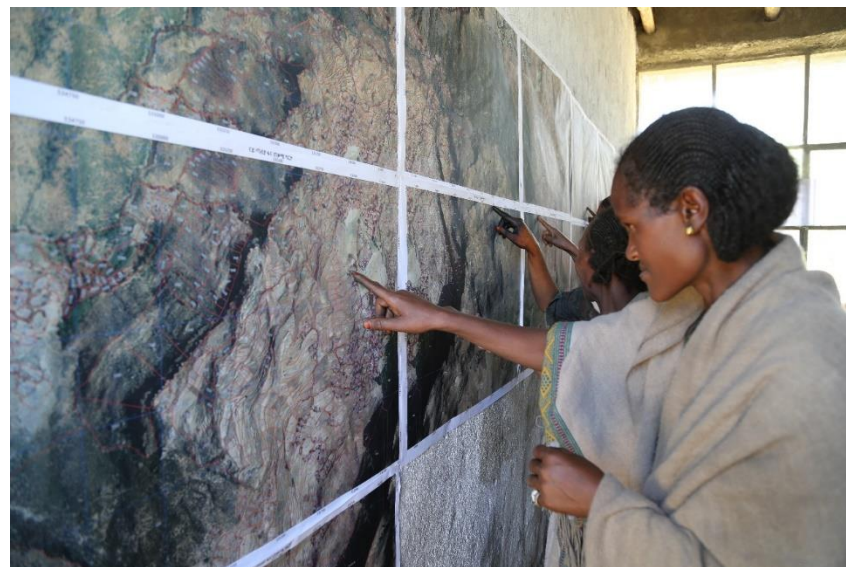
What did we do? (I)

- Supported MFIs to co-design a new individual loan product that leveraged the potential of the SLLC
- Built partnership between Government of Ethiopia, MFIs and LIFT to allow for the design of the pilots
- Facilitated pilot implementation
- Applied Monitoring, Evaluation, and Learning (MEL) to make loan product more relevant to smallholder farmers
- Ensured land administration system was adjusted to new product needs
- Promoted early transfer of ownership to relevant institutions



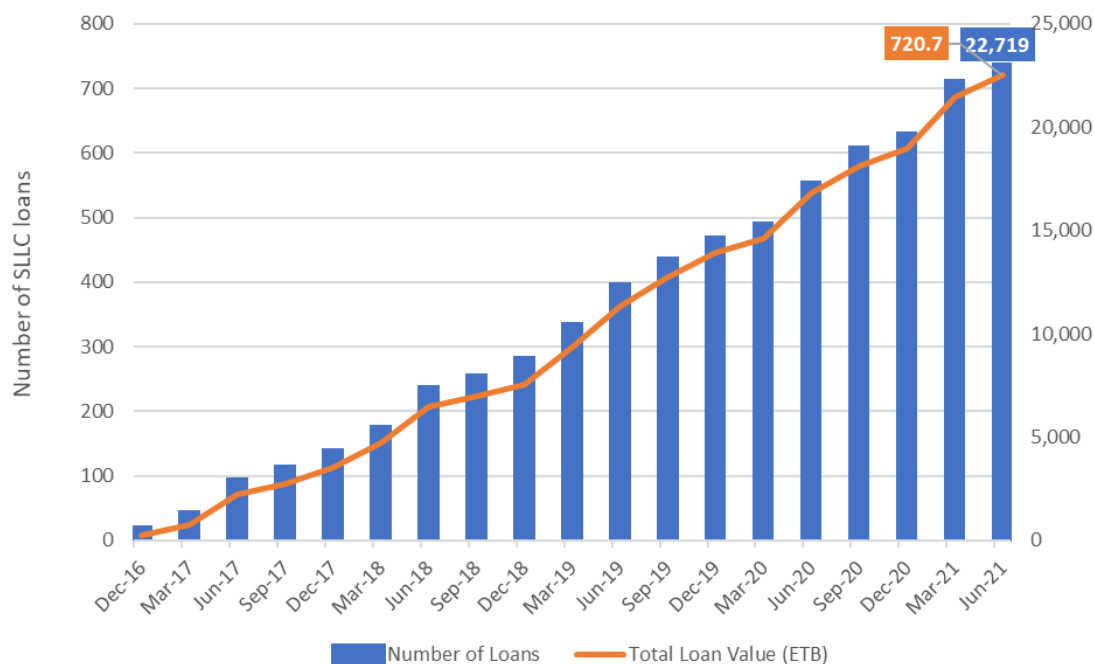
What did we do? (II)

- Strengthened the capacity of MFIs so they could expand the outreach of the product
 - Internal cost benefit analysis, business plan appraisal, savings mobilisation and default management
- Helped create a conducive policy framework for the new loan product
 - Constantly engaged stakeholders and policymakers
 - Produced research notes and policy briefs
 - Engaged champions of change to influence opinion



Results

Number and value of SLLC loans disbursed



- 8 MFIs in 147 branches in 64 woredas disburse SLLC loans.
- Revised Amhara Rural Land Administration and National Bank of Ethiopia proclamations allow for land to be used as collateral. Others to follow.
- MFIs investing their own funds to continue product roll out.

Over 22,000 loans issued with MFIs disbursing ETB 720.7 million (GBP 13.1 million) of their own loanable funds.

Beneficiary voices

Repayments are timely and loans make farmers more resilient

In Selti Woreda, Seman explained how he used his loan to diversify into sugarcane, maize, and vegetable production. Even when flooding occurred, he could still repay.



The loan benefits women and vulnerable groups



Endenat from Gozamin woreda in Amhara, 65, used her loan to hire labour and diversify her production from only cereals to high value vegetables and coffee

Demand for the loan is strong

In Bora woreda, Mattheos utilised the loan to invest in irrigated vegetable production and employ 10 additional, permanent labourers. After repaying, he applied for two more loans to expand his agri-business.



Achieving systemic change

ADAPT

- MFIs adapt loan to customer needs and invest own resources for loan roll-out.
- Rural land administration systems include ability to place liens on land

RESPOND

- Regulatory and legal framework amended so land can be used as collateral.
- Association of Ethiopian MFIs includes new product in training curriculum

ADOPT

- MFIs participate in the SLLC loan product pilot
- Rural land administration offices support implementation of pilots

EXPAND

- MFIs offer SLLC loan in non-LIFT woredas
- Other financial service providers offer the SLLC loan

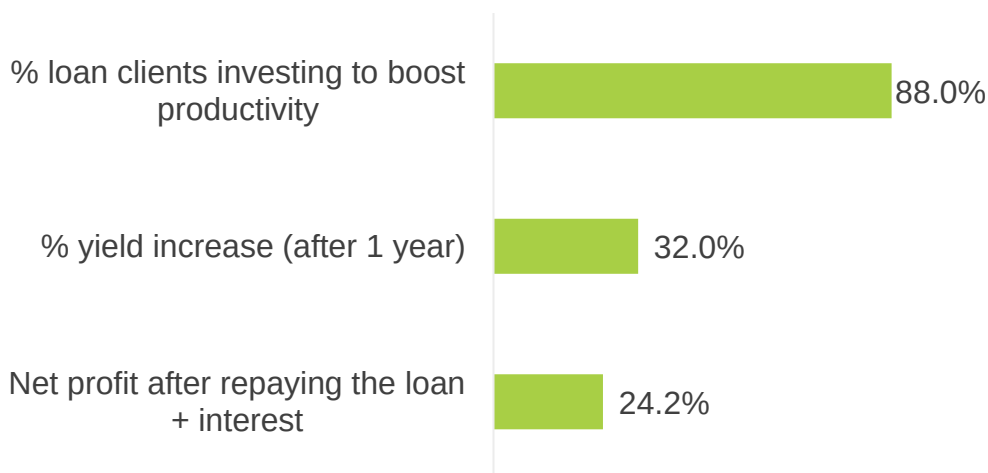
Impact assessment of LIFT's unique loan product

Impact assessment of loan product



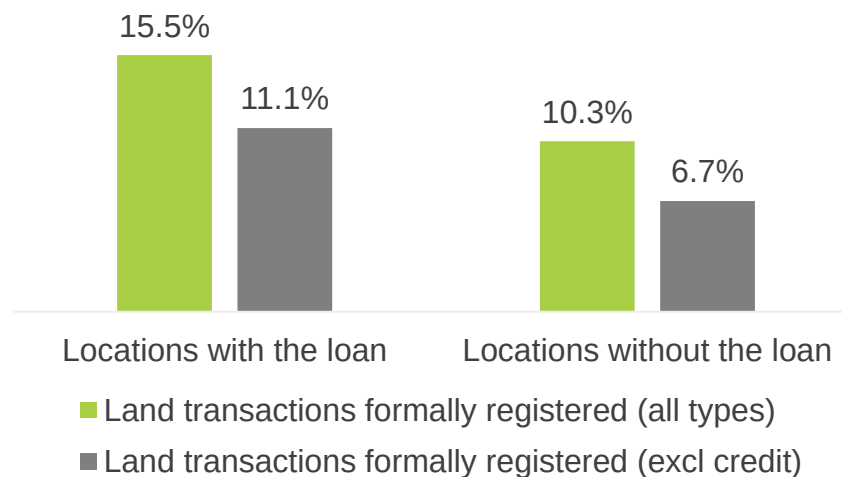
MSD impact assessment (n=1,360): Additional investments significantly boost productivity allowing farmers to repay the loan in full and make a sizeable profit.

SLLC-linked loan impact on productivity and incomes



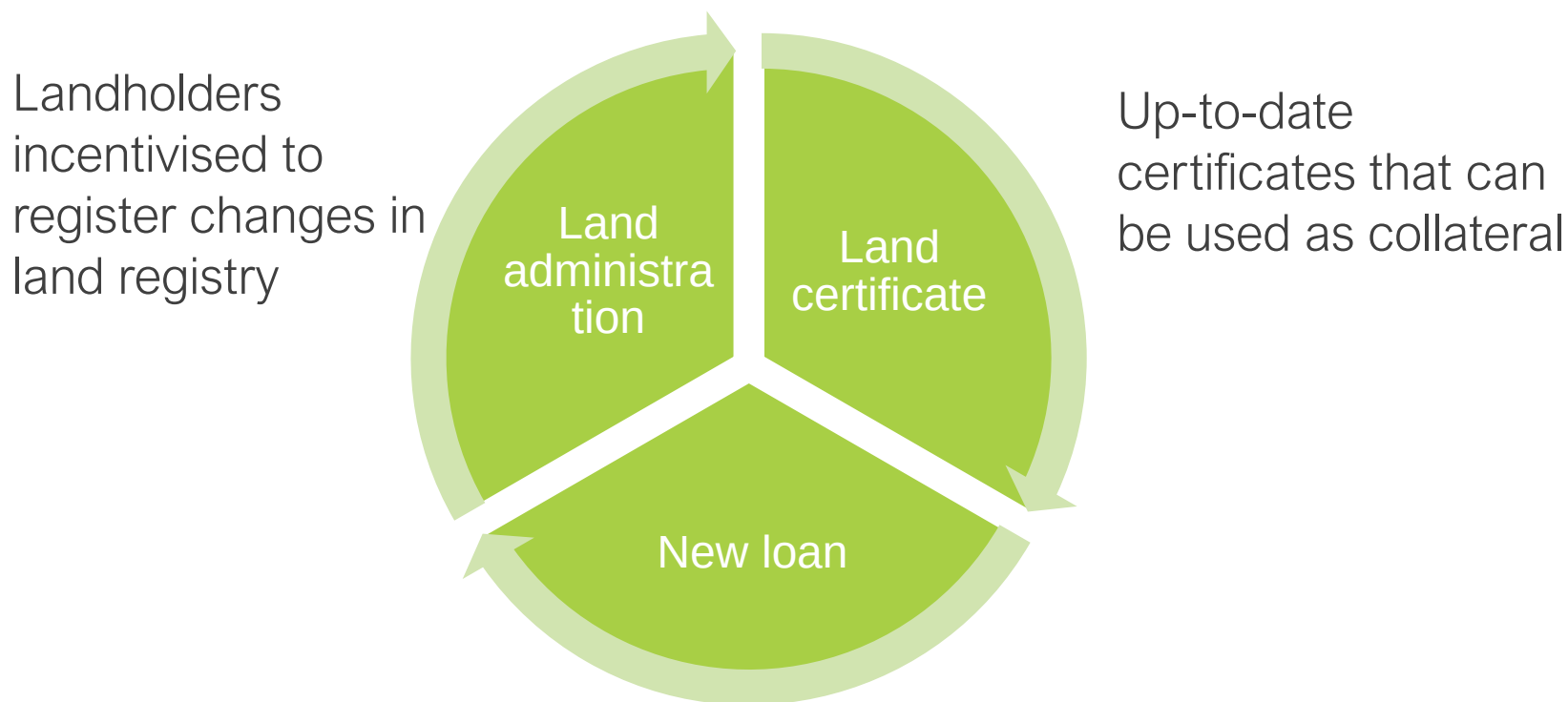
Registration survey (n=9,600): Farmers are incentivised to formally register land transactions, increasing the sustainability of the land administration system

Percentage of land transactions formally registered in the electronic land cadastre



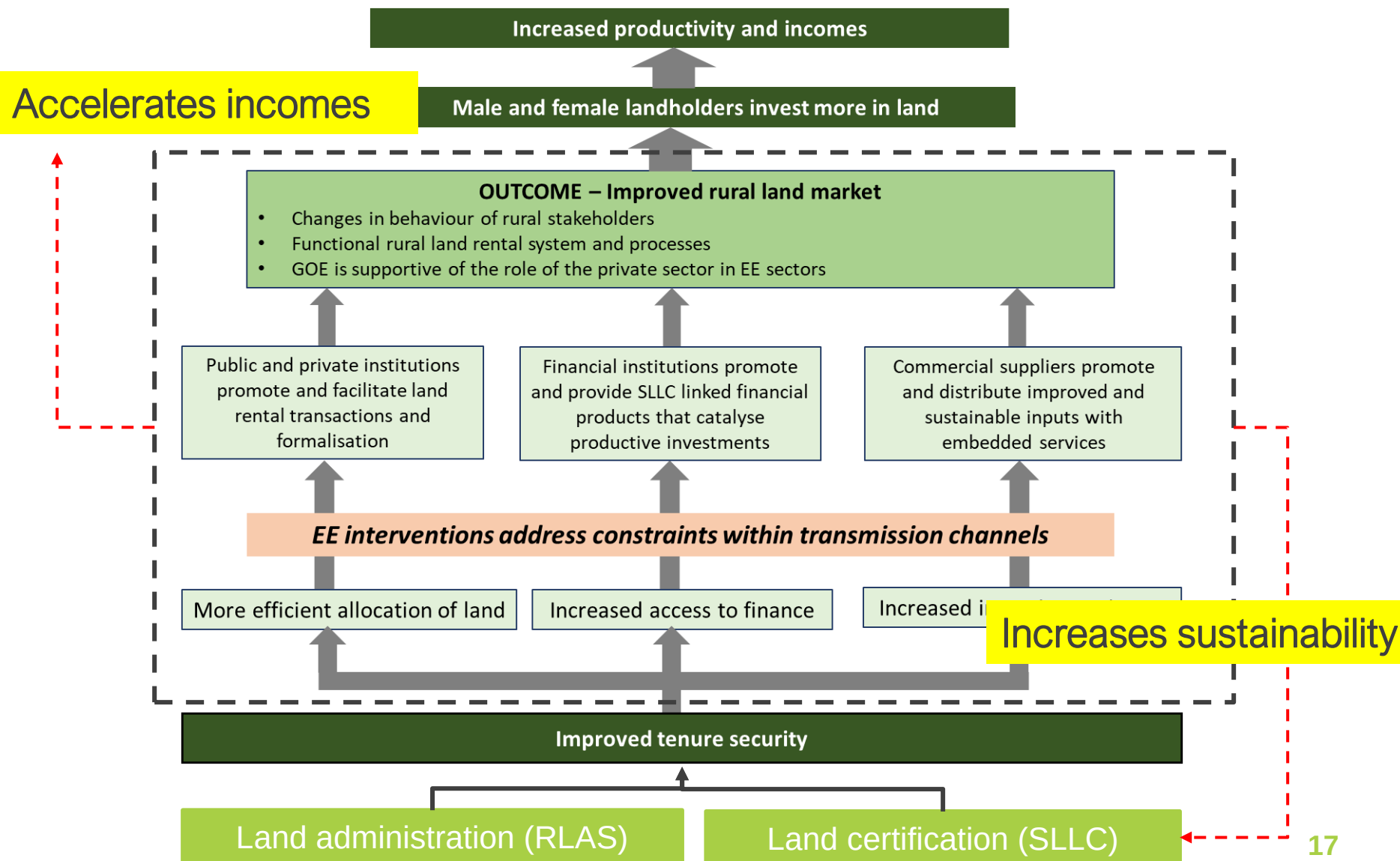
Significant investment in Monitoring, Evaluation, and Learning (MEL) allowed for rigorous evidence to test the innovative Theory of Change (TOC)

The innovative design of the Theory of Change (TOC) has proven to increase the VFM and sustainability of the overall land programme



Loan increases productivity. To access the loan, an up-to-date land certificate is required.

LIFT's unique Theory of Change holds



Conclusion

Drivers of success



1. Ability to adapt the MSD approach to a land tenure programme in Ethiopia
2. Thinking and working politically
3. Generating strong, credible evidence
4. Being flexible and adaptive
5. Accepting and taking risks

Conclusion

LIFT remains the **largest, fastest** and **cheapest** land registration and certification reform process in Africa with LIFT's innovative approach [MSD interventions] offering **rich opportunities for lesson learning** on what works in a land programme, how impact can be maximised and results sustained.

(LIFT Annual Review Report 2017)



LIFT Economic Empowerment component completion report available at <https://beamexchange.org/resources/1533/>

Short list of LIFT papers



- *“The catalytic impact of market systems innovations in land certification programs – evidence from two large-scale household surveys in Ethiopia”*, 2020, World Bank Land conference paper,
- *“Increasing productivity through an innovative, individual-based agricultural loan”*, 2019, policy brief on Beam Exchange
- *“Impact of second level land certification on tenure security, investment and incomes”*, 2021, research summary on Beam Exchange
- *“LIFT’s Economic Empowerment component completion report”*, 2021, programme report available on Beam Exchange
- *“Affecting change through an innovative financial product”*, 2019, case study on Beam Exchange.
- *“Achieving policy change in Ethiopia through a market systems approach”*, 2021, case study on Beam Exchange.