Land, Economy, and Growth
The Big Picture
Factors of Production
Engine for Economic Growth

Land

Labor

Capital
Importance of Property Rights for the Economy

- Secure Property Rights
  - Financial Sector
  - Agriculture
  - Housing
  - Private Sector Development
  - Urban Development
  - Environment
Factors for Agriculture Growth
Example from Egypt

- **Transforming the agriculture sector:** What will it take to boost private investment?
  
  - **Improve investor certainty** reduce policy ‘surprises’ for the private sector
  - **Expanding land-titling** unleash the power of collateralized lending in agriculture
  - **Targeted value-chain strengthening and spatial solutions to** Drive value-addition and exploit economies of scale
  - **Food Quality and Safety System** build market reputation & margins
  - **Access to agricultural finance** Improve to facilitate domestic investments in the sector
Potential Private Sector Lending Using Land Titles as a Collateral in Agriculture

- Total value of old agriculture land = USD 120 Billion
- Total value of new agriculture land = USD 20 Billion
- Potential for private lending using land as collateral: USD140 Billion * 60% = USD 84 Billion
Mystery of Capital – Why capitalism succeeded in the West and failed everywhere else.

“Without an integrated formal property system, a modern market economy is inconceivable”

Hernando de Soto
The Mystery of Capital
How to Unlock this Huge Potential

- Macro Economic Stability
- Well Regulated and Efficient Financial Sector
- Complete Issuance of Freehold Titles or Long Term Leases
- Mortgage Law
- Provision of Land Information to other users
- Reduce cost and time to register property transactions and mortgages
Complete Issuance of Titles

**Issue:** Most of land do not have clear land title

**Recommendations:**

- Issuance of Titles for all agriculture land
- Issuance of land titles for all land including urban, agriculture, private, public, ..etc.. All in one system.
Mortgage Law

**Issue:** Without foreclosure with reasonable transaction costs, private banks will not lend to the agriculture sector

**Recommendation**
- Amend foreclosure law to allow foreclosure of agriculture land
- Simplify foreclosure procedures by introducing administrative foreclosure to reduce transaction cost
Reduce Cost and Time to Register Transaction

Issue: many land transactions and inheritance are not registered and registering a mortgage has high transaction cost

Recommendations:

• Cost to register property transaction is already low (0.6% of property value)

• Complete the automation of property registration

• Streamline procedures to reduce time to complete property registration (in many countries one day)

• Improve public awareness of importance of registering transactions and inheritance
Provide digital land information and link it to e-government functions

**Issue:** Banks do not have online access to property information including existing mortgages

**Recommendation:**

- Implement Geospatial Information Management in accordance to international practices
- Integrate land information (cadastre and legal rights) into e-government functions. Provide access to information (within privacy laws) to government agencies, local governments and banks
Benefits for Other Sectors

- Housing… mortgages
- Private Sector Development (SMEs)
- Environment protection
- Equitable property tax system
- Facilitate the development of Infrastructure
Possible Next Steps

• **Undertake detailed analysis of the land sector**

• **Assist government to prepare a Road Map of Reform that includes policy, legal, institutional and investment needs**

• **Assist government to implement key elements of the Road Map, including possible provision of investment needs (Project)**
What Could be Covered in the Road Map (or Action Plan)

- Establishment of clear goals and objectives such as:
  
  "Registering of all properties by XXX, reduce time to register transaction to less than XXX days; automate the land/property registration system and provision of land information to all government agencies private sector"

- **Should cover policy, legal/regulatory changes, institutional restructuring, as well as investment needs for each of the objective areas**

- **Should be divided into short, medium and long term**
What is Your Country Action Plan??

Will see it on Friday