

Rural Land Certification in Ethiopia: Impact Analysis on Land Rent Decision Behavior and Access to Credit

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First implemented in the late 1990s, the government of Ethiopia started issuing rural land registration which has been cited in the academia as first level land certificate program. The land certification program is considered to bring about improvements in tenure security and generate various socio-economic outcomes and yet it has limited information about the lands certified. The Government of Ethiopia in collaboration with development partners piloted second level rural land certification in 2007, expecting it could bring bold socio-economic outcomes than the first level land registration program. This study examines the impacts of Ethiopia's second level land certification program on credit access and other land related outcomes. I utilized the impact evaluation pilot survey data collected under the Ethiopian Land Tenure Administration (ELTAP) and Ethiopian Land Administration Projects (ELAP). The data has baseline and endline components, where the base line data was collected in 2007 and follow-up data surveyed eight years after, in 2015.

Since there were differences in the certification status of households during the baseline survey period, I created two comparison groups and run a Difference-in-Difference (DID) estimation separately for each of the two comparison groups. The result of the DID estimation suggests that second level land certification have positive and significant impacts on the probability of obtaining credit, where the probability of obtaining credit for households in the treatment group is 7.5 percentage point higher in the first comparison group and 13 percentage point higher for households in the second comparison groups. The result is robust and might be an indicator that using the certificate as a guaranty to obtain credit will have even more positive impacts on credit access. However, no significant impact found on land rent out involvement, renting price and planting of coffee trees.

Key words: Impact evaluation, Difference-in-Difference, Probability, estimation