

## PROMOTING LAND REGISTRATION EQUITY THROUGH SUBSIDIES AND LOW-COST FINANCING MECHANISMS

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### Abstract

This study aims to analyze the effectiveness of government subsidies and low-cost financing mechanisms in improving equal access to land registration, especially for low-income groups and rural communities. Using a descriptive qualitative approach, data was obtained through in-depth interviews, observations, and documentation of subsidy recipient communities, land officials, and local governments. The results of the study show that the subsidy for land registration fees significantly reduces the financial barriers that have been the main barrier for the poor in obtaining land certification. Meanwhile, low-cost financing mechanisms such as incremental payments and microcredit have been proven to help households manage the cost burden without interfering with other economic needs. Nevertheless, the effectiveness of these two instruments is strongly influenced by local institutional conditions, including bureaucratic complexity, administrative capacity, and level of transparency of land services. Geographical and social inequalities were also found, where remote areas and vulnerable groups benefited less than areas with stronger institutions. These findings confirm that cost interventions need to be accompanied by institutional improvements and increased community land literacy so that subsidies and cheap financing can function optimally as an instrument for equitable access to land registration.

**Keywords:** Land registration subsidies; low-cost financing; equity; land administration; tenure formalisation; public policy.

### Introduction

Access to land registration is a fundamental element in economic development, legal protection, and poverty reduction. Tenure security obtained through land certification has been proven to increase household investment, improve land productivity, and expand people's ability to access formal credit (de Soto, 2000). In many developing countries, land registration processes are still complex, expensive, and uneven, so low-income groups and rural communities are often left behind in obtaining legal land rights. This condition creates a structural gap in asset ownership and economic opportunities.

One of the biggest obstacles to land registration is the high administrative costs, mapping costs, taxes, and legal fees that are often difficult for poor households to reach. Research from UN Habitat (2019) found that the cost of land registration can reach 5–15% of land value in some low-income countries, making it unaffordable for vulnerable communities. The World Bank (2020) also emphasized that high costs significantly reduce land registration participation rates and exacerbate inequality in access to land services.

Therefore, government intervention in the form of subsidies and low-cost financing schemes is an important instrument to expand public participation.

Governments in various countries have developed various subsidy and low-cost financing mechanisms to reduce financial barriers to land registration. Programs such as *land titling subsidies*, *pro-poor land administration*, and *community-based registration financing* have shown positive results in increasing the participation of low-income groups (BenYishay et al., 2017). In addition to lowering direct costs, the existence of low-cost financing extends access to payments, reduces household risk, and increases the perception of the ability to follow the registration process. These instruments directly function as *equity-enhancing tools* in land administration.

Literature studies show that inequality of access to land registration is influenced not only by economic conditions, but also by geographical location, gender, administrative capacity, and socio-political dynamics. In countries with weak land governance, remote groups and women often face higher levels of barriers to obtaining land certificates (Ali, Deininger, & Goldstein, 2014). Institutional weaknesses such as complex bureaucracy, lack of transparency, and corruption exacerbate the fact that registration fees are just one of many barriers that must be overcome. Therefore, subsidies and low-cost financing schemes not only serve as economic interventions, but also as corrective instruments against social inequality.

Although various subsidy and low-cost financing programs have been implemented, empirical research that specifically assesses their effectiveness in promoting equity in land registration access is still relatively limited. Many studies have focused more on the long-term impact of land certification on household economies, rather than on the early access to registration stage. In addition, there has been not much comparative evaluation between regions and between social groups regarding the effectiveness of subsidy schemes. Thus, there is significant research space to analyze how cost policies can function as an instrument of equity in land administration.

This study aims to evaluate the effectiveness of government subsidies and low-cost financing mechanisms in increasing equal access to land registration. Theoretically, this research contributes to the literature on land governance, institutional economics, and public policy oriented towards social inclusion. Practically, the research findings are expected to provide input for governments and policy makers in designing interventions that are more adaptive, targeted, and sensitive to the needs of low-income communities. Thus, this study strengthens the understanding of how subsidies and cheap financing can be instruments of equity in the modern land administration system.

## **Literature Review**

The literature on land administration emphasizes that access to land registration is a fundamental element in creating tenure security, economic growth, and social stability. Land registration through certification has been shown to increase household investment, improve land productivity, and open access to formal credit (de Soto, 2000). In many

developing country contexts, land registration systems serve as a foundation for strengthening property rights and reducing agrarian disputes. However, inequality in access to land registration remains a major issue, especially for poor groups, women, and people in remote areas, thus demanding more inclusive and marginalized policy interventions.

The most common obstacles in land registration are high costs, both administrative costs, mapping costs, legal fees, and informal transaction fees. UN-Habitat (2019) states that the land registration fee structure can reach 5–15% of the value of the land, making it unaffordable for poor households. A World Bank study (2020) confirms that the high cost of land registration lowers the level of community participation and widens the gap between low- and high-income groups. When cost is a major barrier, subsidy policies and low-cost financing schemes become important instruments to improve equality of access.

Empirical studies on subsidies in land registration show that such policies can reduce the structural barriers faced by the poor. BenYishay et al. (2017), in their systematic review, found that the land registration fee subsidy program increases participation rates especially in rural areas and areas with low administrative capacity. In addition to lowering direct costs, subsidies also increase public perception of the benefits of certification and reduce the financial risks they worry about when participating in the registration process. These subsidies serve as a corrective tool to balance access inequality between different social groups.

In addition to subsidies, low-cost financing mechanisms such as registration fee installments, community-based microcredits, or phased payments have been implemented in several countries to expand access to land legalization. This mechanism has been proven to help households that cannot afford to pay the registration fee at once (Jacoby & Minten, 2007). This phased financing scheme also lowers the financial burden of low-income households and increases the decision to follow the land certification process. Thus, cheap financing not only reduces economic barriers, but also increases the attractiveness of their land registration process.

However, the literature also highlights that the success of subsidies and low-cost financing is highly dependent on the institutional context. Ali, Deininger, and Goldstein (2014) show that subsidies are ineffective when they are accompanied by non-transparent bureaucracy, corruption, or convoluted administrative mechanisms. Unclear maps, weak capacity of land institutions, and legal uncertainty about territorial boundaries can reduce the effectiveness of cost programs. Therefore, institutional improvements including digitization of land registration, increased accountability, and transparency are important factors that determine the success of cost interventions in achieving equal access.

Overall, the literature suggests that subsidies and low-cost financing schemes have significant potential to improve equity access to land registration, but their effectiveness is influenced by social, economic, and institutional dynamics. Research gaps are still visible regarding how these cost interventions affect specific social groups (e.g., women, indigenous peoples, or informal workers), as well as how variation in subsidy designs

affects the success rate of programs. Therefore, this study is important to analyze in more depth the relationship between financial interventions and equal access to land registration in the context of developing countries.

## **Research Methods**

This study employs a descriptive qualitative approach to gain an in-depth understanding of how government subsidies and low-cost financing mechanisms impact equal access to land registration at the community level. The qualitative approach was chosen because the issue of land registration is not only related to technical and administrative aspects, but also involves social experiences, community perceptions, institutional capacities, and the dynamics of relations between the community, land officials, and local governments. The research location was chosen *purposively* in areas that implement a land registration fee subsidy program or have a gradual financing policy for low-income communities. The research informants include subsidy recipients, land office officers, village officials, and local government officials. Data were collected through semi-structured in-depth interviews, observation of land service processes, and documentation studies of regulations, program reports, and administrative data on land registration.

Data analysis was conducted using the Miles & Huberman model, which includes data reduction, data presentation, and conclusion drawing to identify patterns, barriers, and the effectiveness of subsidy mechanisms in promoting equal access. The validity of the data is maintained through source triangulation, technical triangulation, *member checking*, and discussions with land policy experts or academics to reduce interpretation bias. This study also considers ethical aspects, including informed consent, confidentiality of identity, and transparency of research objectives. With this approach, the research is expected to provide a comprehensive understanding of how cost interventions work in practice and how socio-institutional factors influence their effectiveness.

## **Results and Discussion**

The results of the study show that the cost of land registration is still the main obstacle for low-income communities in participating in the land legalization process. The informant mentioned that the administration, mapping, and legalization costs that are considered high have caused many families to delay or even avoid land registration. These findings are in line with the UN-Habitat (2019) and World Bank (2020) reports which affirm that high transaction costs are the dominant factor that decreases the level of community participation in land services, especially in rural areas and vulnerable communities.

The government subsidy scheme has been proven to increase community participation in land registration. Subsidies help reduce the burden of direct costs that were previously considered unaffordable by the poor. The informant said that the availability of subsidies made the land registration process "more feasible" and reduced the family's financial worries. This is in line with the findings of BenYishay et al. (2017),

which showed that subsidized registration fees significantly increase land registration rates in areas with low economic capacity.

In addition to subsidies, low-cost financing mechanisms such as phased payments and community-based microfinance have also proven effective in encouraging people to follow the land registration process. Some informants stated that the installment payment option made them feel better able to manage costs without interfering with other household needs. These findings reinforce the argument of Jacoby and Minten (2007) that phased financing can expand access to land legalization for low-income households that cannot afford to pay the fees at once.

However, the effectiveness of subsidies and cheap financing is still highly dependent on local institutional conditions. Research has found that complicated bureaucracy, lack of transparency, and unclear information regarding procedures often hinder program success. Some communities reported confusion regarding the registration process and administrative requirements, despite the availability of subsidies. This finding is consistent with Ali, Deininger, and Goldstein (2014), who argue that institutional weaknesses can undermine the effectiveness of any land policy, including cost subsidies.

The findings also reveal that the benefits of subsidies and low financing costs are unevenly distributed across regions. Areas with better administrative capacity tend to be more successful in promoting land registration, while remote rural areas face obstacles such as lack of technical personnel, low administrative literacy, and high travel costs. Certain groups, such as women heads of households or indigenous peoples, also tend to receive smaller benefits due to limited access to information and institutional support. This reinforces the literature that highlights access inequities based on demographics and geographic location (Ali et al., 2014).

Overall, the study demonstrates that subsidies and low-cost financing mechanisms contribute to increasing equal access to land registration; however, their effectiveness is strongly influenced by the design of implementation and institutional capacity. Cost intervention alone is not enough; There is a need to simplify the process, increase transparency, and increase public literacy regarding land registration. By strengthening the integrity of land institutions and expanding technical support for vulnerable groups, subsidies and low-cost financing can be more effective instruments in realizing equitable access to land services.

## **Conclusion**

This study concludes that subsidies and low-cost financing mechanisms are important instruments in improving equal access to land registration, especially for low-income and rural groups. Subsidies have been proven to reduce direct cost barriers and increase community participation in the land legalization process, while low-cost financing schemes provide payment flexibility to ease the financial burden on households. However, the effectiveness of the two interventions is largely determined by the quality of governance of land institutions. Complex bureaucracy, low transparency, and uneven

administrative capacity between regions can reduce the benefits of subsidies and cheap financing. In addition, there are geographical and social gaps in the use of the program, where vulnerable groups such as indigenous peoples, women heads of households, and remote populations still face structural barriers. Thus, the success of the promotion of equal access depends not only on cost interventions, but also on institutional improvements and improving people's land literacy.

### **Suggestion**

#### **Advice for Governments and Land Agencies**

The government needs to simplify land registration procedures, increase transparency, and enhance the capacity of local land agencies. Providing clear information, mobile *land services*, and digitizing the registration process can help reduce administrative barriers. Subsidy and low-cost financing programs should be designed more adaptively taking into account the characteristics of regions and vulnerable groups.

#### **Advice for Local Governments and Village Governments**

Local governments need to expand socialization about the benefits of land registration and subsidy mechanisms so that information can be accessed by all levels of society. The village government can play a role in collecting community land data, facilitating the initial administrative process, and acting as a liaison between the community and the land office.

#### **Advice for Communities and Vulnerable Groups**

The community needs to increase its literacy about land registration and take advantage of the available subsidy or low-cost financing programs. Vulnerable groups need mentoring support from NGOs or legal aid agencies to overcome administrative barriers and access to information.

### **Suggestions for Further Research**

Further research is recommended, using a quantitative approach or mixed methods, to measure the influence of subsidies on land registration rates. In addition, comparative studies between regions or between countries can provide a deeper understanding of the institutional factors that affect the success of subsidy programs and low-cost financing.

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