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FASID

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## GRIPS/FASID Seminar

### “Land Tenure Institutions and Poverty Reduction in Sub-Saharan Africa”

1. March 12, 2007, 13:00-14:50
2. GRIPS 5<sup>th</sup> Floor Class Room E
3. Participants: 50 people
4. Contents:

Opening Remarks by Professor Otsuka (FASID•GRIPS)

In the past, land was relatively abundant in Sub-Saharan Africa. Thus, the African agriculture was not land-intensive. Under such circumstances, land sales and rental markets did not develop. However, due to high population growth rates and slow labor movements from agriculture to industry, land in African rural areas has become scarce. Over time, land distributions moved from relatively uniform distributions to skewed distributions, resulting in skewed income distributions. Therefore, to reduce poverty in rural Africa, the role of land sales and rental markets has become important. Land tenure institutions, however, are very complicated because there are areas where traditional land tenure systems still remain. Under the traditional systems, the land rights are not completely individualized. In this regard, it is very fortunate to have two specialists on land tenure issues in Africa. Let us hear from them.

First Presenter: Prof. Stein Terje Holden “Growing Importance of Land Tenancy and its Implications for Efficiency and Equity in Africa”

As Professor Otsuka mentioned, land reform is becoming an important policy agenda for many African countries. For instance, the number of land reform related projects of the World Bank is increasing recently. Land markets have important roles in allocating resources efficiently and improving equity in income distributions. Among many land related issues, I would like to concentrate on sharecropping today. Sharecropping is widely used and has been studied in Asia, although it is popular only in Ethiopia in Africa. Sharecropping contracts were considered inefficient compared with fixed-rent contracts because tenants receive only a proportion (about a half) of the total production under sharecropping contracts, while they receive the entire amount of total production after deducting fixed rents under fixed-rent contracts. Previous studies in Asia, however, have shown that the sharecropping contracts could be efficient when both landlords and tenants cooperate. In Ethiopia, studies also have shown that there are no significant differences in productivity between sharecropping and fixed-rent contracts. Sharecropping tenants can also delay rent payments until harvests and share production risks with their landlords.

What are policy implications? First, tenure security should be protected. To do so, there is no need to introduce full registrations of land. A simplified and low-cost certification is good enough. In Ethiopia, such certifications have been used and seem effective. It is important to protect women's land rights by such certifications. Second, restrictions on the lengths of tenure contracts should be removed. By removing such restrictions, tenants are encouraged to make long-term investments. Third, landlords and tenants should respect the contracts, and local governments should provide systems to enforce the contracts if they are violated. Such systems would expand land markets.

Second Presenter: Dr. Frank Place "Land Rights, Land Reform, and Long-term Development in sub-Saharan Africa"

Land markets are very complicated because property rights of land are not well defined in many areas in African. In the past, there have been confusions both in research and policies. How should we define land tenure security? Does the secure tenure encourage investments in land or investments in land increase land security? To investigate these issues, we need piling up empirical studies. So, let me review some results from previous empirical studies.

Indeed, there have been many empirical studies on land tenure issues. Most of the previous studies, however, use cross-sectional data that do not provide any information about changes in land security. In this regard, the RePEAT panel data that have been collected in Kenya, Ethiopia, and Uganda by FASID and GRIPS are very valuable and will be more so in the future. From the previous studies, we have learned that the traditional land tenure systems are very flexible and evolutionally change according to the changing environment. Especially in highly populated areas, the traditional land tenure systems no longer exist. Instead, individualized land tenure systems have been developing, although women's land rights are still very weak. The RePEAT data also show that the land conflicts occur less on land that are titled.

Regarding the question about the causality between the land tenure security and the investments in land, we have find mixed evidence on the causality going from secure land tenure to investments. There are studies that indicate that farmers make more investments in land when land tenure is secure, but there are also many studies that the tenure security does not have any impacts on investments in land. However, recent studies support the opposite direction: investments in land increase tenure security, especially when the investments are visible to others. In terms of the impacts of the land tenure security on farm productivity, the evidence does not support the hypothesis that tenure security increases farm productivity.

What are policy implications from these studies? Previous studies have show that the land tenure systems are quite flexible. Thus, it is not necessary to impose full and costly land registrations. It seems communities have systems to respect land security of community members.

However, there remain some members, including women, whose land rights are well respected. For them, a simplified certification could be helpful and enough. Indeed, it is not wise to impose a uniform land registration policy everywhere in Africa. Instead, it is important to understand the local situations and provide tailor made policies.

Comments: Associate Professor Yamano (FASID•GRIPS)

As the two presenters mentioned, the land is becoming scarce in Africa, and the land related policies have become important. For instance, in the 1960s, the per capita arable land was 0.3 hectare in South-East Asia, while it is 0.6 hectare in Sub-Saharan Africa. Land was relatively more available in African in the 1960s. It is, however, 0.4 hectare in Africa currently, while it remained at 0.3 hectare in South-East Asia where rural population have move to urban areas. Thus, it was very timely to hear presentations from the two experts on this issue.

However, because the issues are very complicated, it is useful to summarize their presentations. Thus, I would like to ask them to answer the six basic questions. 1) Is it possible to obtain credit by using land as collateral even when land is titled in Africa? 2) Will farmers invest more in land when tenure security becomes more secure? 3) Will land markets function when tenure security becomes more secure? 4) Will a well-functioning land market improve the farm productivity? 5) Will a well-functioning land market contribute to equality? 6) Are women's land rights in Africa still weak in Africa?

Prof. Stein Holden: 1) No, it is not possible to use land as collateral in many areas of Africa because the credit market is not well developed. 2) Yes, but this depends on areas. 3) Yes. In Ethiopia, the sharecropping is more common when people believe that the local governments are not going to reallocate their land. 4) Yes. But the evidence on this is still weak. 5) Should be. 6) Women's land rights remain weak. There have been some efforts, such as co-ownership of land between men and women.

## 5. Q and A

(1) I thought that the land tenure systems are all traditional. Thus, this seminar has been very informative for me. What proportion of the land is under traditional systems?

Frank Place: Most of the land is under individualized land systems, although there are some differences in how individualized they are. Traditional systems remain only in remote areas.

(2) Thank you for your informative presentations. Do people in Africa still practice slash and burn agriculture?

Frank Place: Not any more. Slash and burn agriculture require large areas because farmers

need to wait for land to recover naturally. Farmers are no longer able to wait such a long time because land is scarce.