Rural land rental markets and agricultural development in Africa

Proposed an organized symposium at the IAAE Conference in Milan, 2015

Organizers: Jacob Ricker-Gilbert (Purdue University), Jordan Chamberlin (Michigan State University)

Summary:

Recent scholarship has shown that land rental and sales markets are increasingly important within customary tenure systems in Africa (e.g. Holden et al. 2009). The theoretical role of such markets in enhancing equitable access and production efficiency is of particular relevance for Africa’s agrarian economies, which are characterized by highly skewed distributions of land access (even within smallholder sector), low levels of productivity and high levels of poverty. Empirical assessments of land market performance have generally not found conclusive evidence of their impacts on the smallholder farm sector. This session will review several important recent empirical assessments of rural land rental markets in Eastern and Southern Africa, focusing on case studies in Kenya, Malawi and Zambia, and West Africa, in Côte d’Ivoire. We will attempt to synthesize what we know about the current status of rental market development in the region, focusing on addressing several key questions: What are the temporal and spatial trends of rental market development? Who is participating in these markets? What are the impacts on smallholder efficiency, equity and household welfare? In addition to summarizing the available evidence, we will attempt to clarify the most appropriate ways for agricultural policy to engage with land market development and will highlight areas requiring further research.

From this evidential base, the session will then address several broader themes related to rental market functioning: the relationship between market participation and intra-household allocation of use rights; the importance of land governance systems at national levels for enabling the shape of rental market development. We will conclude by summarizing the state of empirical knowledge (and remaining gaps therein) and what implications this has for rural development strategy.

The proposed papers are:

1. Rural land rental markets and household welfare in Africa: A synthesis of recent evidence from Kenya, Malawi and Zambia (Jacob Ricker-Gilbert, Purdue University, USA)
2. Land market participation and intra-household land rights: perspectives from Côte d’Ivoire (Jean-Philippe Colin, Institut de Recherche pour le Développement, France, and Céline Bignebat, Institut National de la Recherche Agronomique, France)
3. The Roles of Land Tenure Reforms and Land Markets in the Context of Population Growth and Land Use Intensification in Africa (Stein Holden, Norwegian University of Life Sciences, Norway)

In addition, we will have a discussant (T. S. Jayne, Michigan State University) give a synthetic commentary on these papers, with a particular focus on two key questions: (1) what are the remaining empirical knowledge gaps related to the incidence and performance of African rural land rental markets?, and (2) based on evidence to date, what is the scope for rental markets to meaningfully contribute to rural poverty reduction in the region? This commentary will help guide a subsequent discussion by participants and audience members.
Abstracts of papers to be presented

1. Rural land rental markets and household welfare in Africa: A synthesis of recent evidence from Kenya, Malawi and Zambia
   (Jordan Chamberlin, T. S. Jayne, Songqing Jin, Jacob Ricker-Gilbert)

Theory suggests that land rental markets should enhance production efficiency by allowing land and non-land factor ratios to equilibrate across farm households, especially when there may exist imperfections in non-land factor markets. Furthermore, land rental markets should enable net transfers of land from less able to more-able farmers, thus contributing to efficiency gains within smallholder systems. Welfare gains should follow directly from these efficiency gains, as incomes rise within the sector, but also indirectly, via more equitable distributions of access to productive land.

We review recent empirical studies¹ in three countries – Kenya, Malawi and Zambia – each of which uses nationally-representative household panel data to estimate the determinants and impacts of rental market participation by smallholder farm households. Despite differences in

¹ These studies are presented in Jin and Jayne (2013) and Chamberlin and Ricker-Gilbert (in preparation).
the case study settings, we find largely consistent patterns in all three countries. First, rental markets transfer land to land-poor households and to households with greater farming ability. We also find positive welfare impacts of participation, particularly for tenants (renters-in). However, the magnitude of these impacts is limited; rental rates are about 50% of value of production, on average, suggesting limited poverty-reduction potential.

Our analysis suggests that policies designed to encourage the development of rental markets may result in overall welfare and productivity gains within the smallholder sector. However, welfare impacts are very limited: given rental rates and current levels of productivity, most tenant farmers are unlikely to amass surplus investment capital very quickly, if at all. Therefore, pro-rental-market policies should be designed with complementary poverty-reduction and productivity-enhancing investments in mind.

2. Land market participation and intra-household land rights: perspectives from Côte d'Ivoire (Jean-Philippe Colin, Céline Bignebat)

The transfer of use rights through the land tenancy market is seen nowadays as allowing a more efficient and more equitable reallocation of land, compared to the sale market. However, a potential adverse effect of the development of the tenancy market, insufficiently explored in the literature, might be its negative impact on land access for family members among families leasing out. This article offers an analysis of the relationships between intra-household land access and the tenancy market, through an exploration of (i) the landlord’s trade-off between leasing land out and delegating temporary use rights to family members, and (ii) the participation of family members as suppliers on the tenancy market. The analysis is based on first-hand data collected in 2008 in Southern Côte d'Ivoire; from a methodological standpoint, it combines a Weberian comprehensive approach and a quantitative analysis. It refutes, in the context studied, the hypothesis of a weakening of land access for family members. It also highlights, quite innovatively, the implication of family members as suppliers on the tenancy market, and how intra-family land rights impact on contractual choice.

4. The Roles of Land Tenure Reforms and Land Markets in the Context of Population Growth and Land Use Intensification in Africa (Stein Holden and Kei Otsuka)

This article provides a review of the past and potential future roles of land tenure reforms and land markets in Sub-Saharan Africa (SSA) as responses to population growth in the process of land use intensification and livelihood transformation. The farm size distribution and the existence of an inverse relationship (IR) between farm size and land productivity in SSA and the implications of this relationship for efficiency and equity are investigated. More secure property rights and removal of restrictions on land markets have the potential to create both efficiency and equity benefits, but there are high risks of elite capture of large land areas with inefficient and inequitable outcomes. This situation is the case not only in land-abundant areas but also in urban and peri-urban areas where increasingly larger proportions of people will make their living. Increasing population pressure in densely populated rural areas contributes to more rapid
rural–urban migration, and creating alternative livelihood opportunities for the migrating youth population is essential to achieving economic development with social stability.

Participant biographies:

Rodney Lunduka is Socioecmost at CIMMYT in Zimbabwe. He obtained his PhD in Resource Economics from the Norwegian University of Life Sciences in Ås in 2010. He also has an MSc in Environmental Sciences from the University of London, United Kingdom. A Malawian citizen, Rodney has more than a decade of research experience, focusing on smallholder development in sub-Saharan Africa.

Jacob Ricker-Gilbert is Assistant Professor of Agricultural Economics at Purdue University. Since joining the faculty at Purdue in 2011 his research focuses on strategies to sustainably increase smallholder agricultural productivity in sub-Saharan Africa. His main topics are i) measuring the returns to inputs subsidies, ii) estimating the impact of land markets and population growth on agricultural productivity, iii) the economics of post-harvest issues in SSA.

Jean-Philippe Colin is Director of Research at the Institut de Recherche pour le Développement (France). He holds a PhD in Agricultural Economics from the University of Montpellier (1987), and has been visiting scholar at the Department of Agricultural Economics, MSU, in 1988-89 and 1996-97. Jean-Philippe conducts research from Institutional Economics and Economic Ethnography perspectives, on the evolution of property rights, land titling policies, land markets, agrarian contracts, and the kinship dimensions of land access. He has worked at length in Mexico, where he was invited professor at the Colegio de Postgraduados en Ciencias Agrícolas between 1990 and 1996, and has since then developed long-term field research in Côte d’Ivoire. He is currently invited professor, for two years, at the Ecole Nationale Supérieure Agronomique, Algiers, Algeria.

Stein Holden is Professor of Development and Resource Economics in the School of Economics and Business at Norwegian University of Life Sciences, Ås, Norway. He is also an active member of the new Centre for Land Tenure Studies, based at the Norwegian University of Life Sciences as a multi-departmental collaboration. He has more than two decades of research experience in Africa and Asia, and is the author of numerous publications on land institutions and development, including a highly regarded 2009 volume (“The Emergence of Land Markets in Africa: Impacts on Poverty, Equity and Efficiency”) coauthored with Kei Otsuka and Frank Place, and more recently, a 2013 book on land tenure reform in the region coauthored with Kei Otsuka and Klaus Deininger (“Land Tenure Reform in Asia and Africa: Assessing Impacts on Poverty and Natural Resource Management”).

Thomas Jayne is Professor in the Department of Agricultural, Food, and Resource Economics at Michigan State University. He is also Visiting Professor at the University of Pretoria and a Distinguished Fellow of the African Association of Agricultural Economists in 2013. He has mentored dozens of young African professionals and played a major role in building MSU’s partnerships with African research institutes, serving as co-director of several grants from the Gates Foundation focusing on building sustainable research capacity in Africa. Jayne has received numerous research awards, including the 2009 Outstanding Article Award in Agricultural Economics and a Research Excellence Award in 2011 from Michigan State University. He currently serves on the advisory boards of several initiatives dedicated to building institutional capacity in sub-Saharan Africa, including the Global Development

References

