

Thinking WIDER on land institutions in Africa

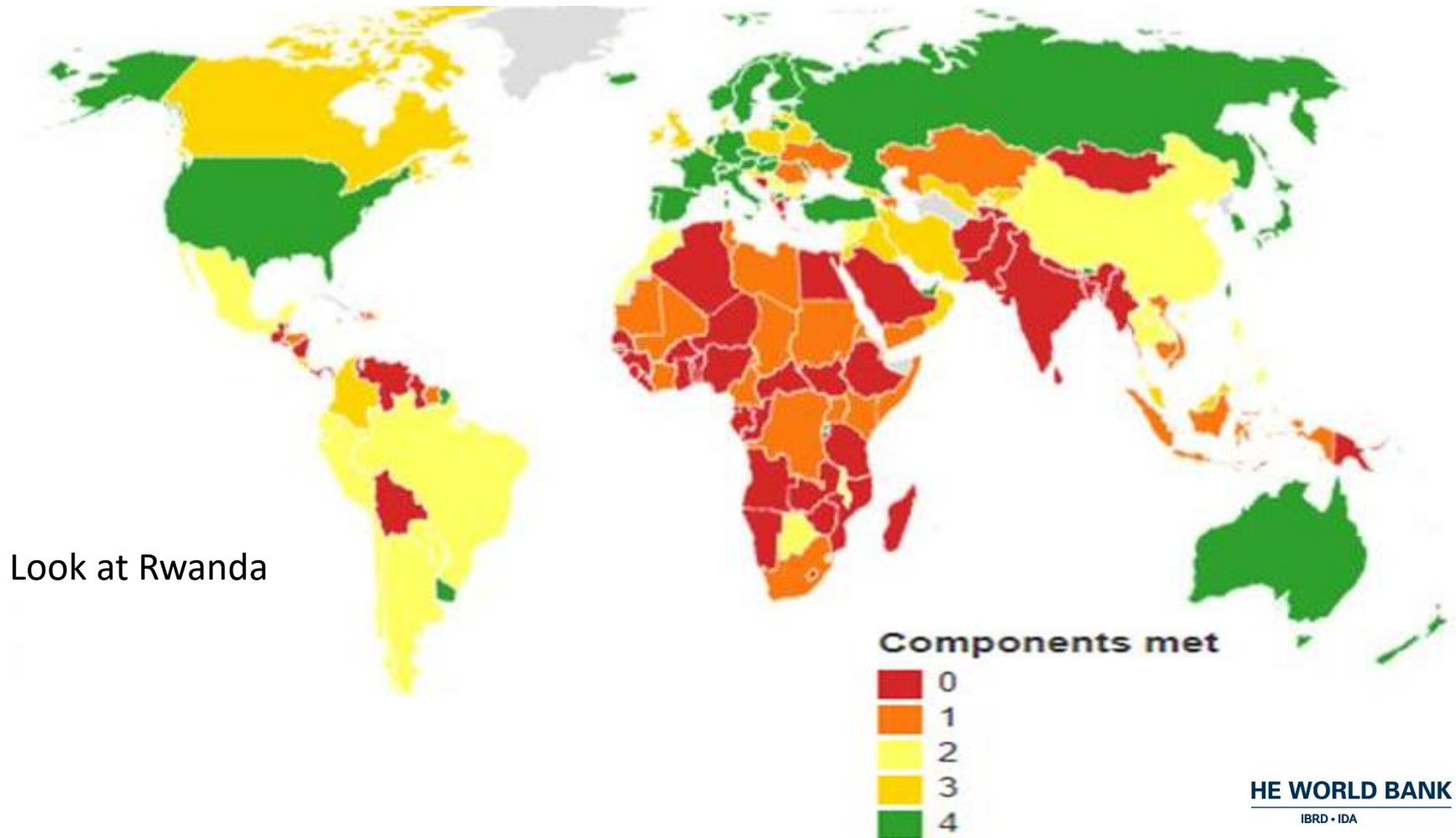
Klaus Deininger
UNU-WIDER Conf.
Helsinki, Sept. 14, 2018

The challenge: From tenure security to structural transformation

- 1990-2010: New laws & policies – but few institutions to implement
 - Legal innovations – mainly to recognize cust. tenure
 - But little change in practice due to lack of clarity on
 - Subject of rights (m/f, chiefs, headmen,,,,) & ways to exercise/**transfer**
 - How to affordably record them (boundaries critical)
 - Responsibility for maintenance & arrangements for access by private parties
- This is not enough for structural transformation, especially for...
 - Long-term investment in structures & value chains
 - Leasing out for extended periods (e.g. by migrants)
 - Valuation & use of land as collateral where markets exist
 - Land acquisition for large infrastructure projects
 - Levy property taxes to generate local revenue & provide services
- We need to think WIDER to
 - Focus on (formal & informal) institutions in urban & rural areas
 - Use opportunities provided by IT, remote sensing, connectivity
 - Build domestic capacity for policy dialogue & change

Africa in global comparison

Index of (i) cadaster digital; (ii) registry & cadaster integrated; (iii) 'most' private land in main city registered/mapped (DB)



Outline: Draw out implications for...

- Dealing with customary tenure
- Formulating large farm policies (incl. spillovers)
- Reaping & sustaining titling benefits
- Urban land tenure & competitiveness
- Policy & research

Colonial dualism not overcome

- Statutory-cust. dichotomy continues in many places
 - Originally: Myth of retarded smallholders vs. 'emergent' farms
 - Now: Entry barriers to statutory (survey cost; ineff. institutions)
 - Reinforced by non-transferable/-maintained docs (CCROs)
- Disadvantages
 - Encourages speculative land acquisition by wealthy
 - No incentive to use titled land effectively (holding cost zero)
 - Cust. tenure benefits (flexibility, local info) lost w/o gain
 - Majority of population, esp. women with very limited security
- Zambia as an example of many
 - Title needs irreversible shift to 'state' land (chief 'sells' consent)
 - Cost is very high: Official process US\$ 500+ per parcel
 - Informal documentation emerges as a substitute

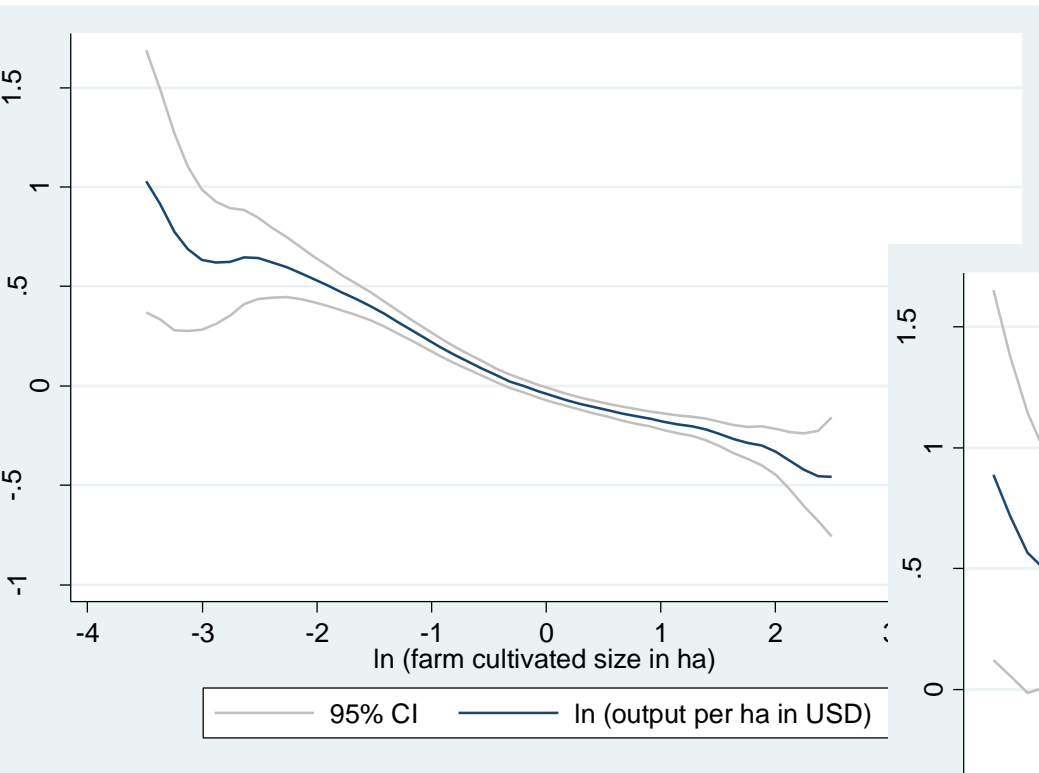
How does this look in practice?

- Who acquires formal title/chief certificate?
 - Title: Political connections as a key determinant
 - Often chiefs outside their kingdom – ‘disappearance’ of cust. land
 - Chief certificate not equitable either: In-migrants; land-rich parents
- Implications for Productivity & investment (IV)
 - Title: No productivity effects despite significant outlays
 - Consistent w. speculation & little value added due to weak records
 - Informal certificate: 20% increase in yield; 35% in profit
- Documenting customary desirable – in 4 steps
 - Define status of chief’s areas, demarcate & publish
 - Support basic resource inventory/plan
 - Regulate & publicize internal & outside transactions
 - Provide basis for maintenance & link to nat. registry
 - Technically ‘easy’ – huge legislative agenda/politically impossible

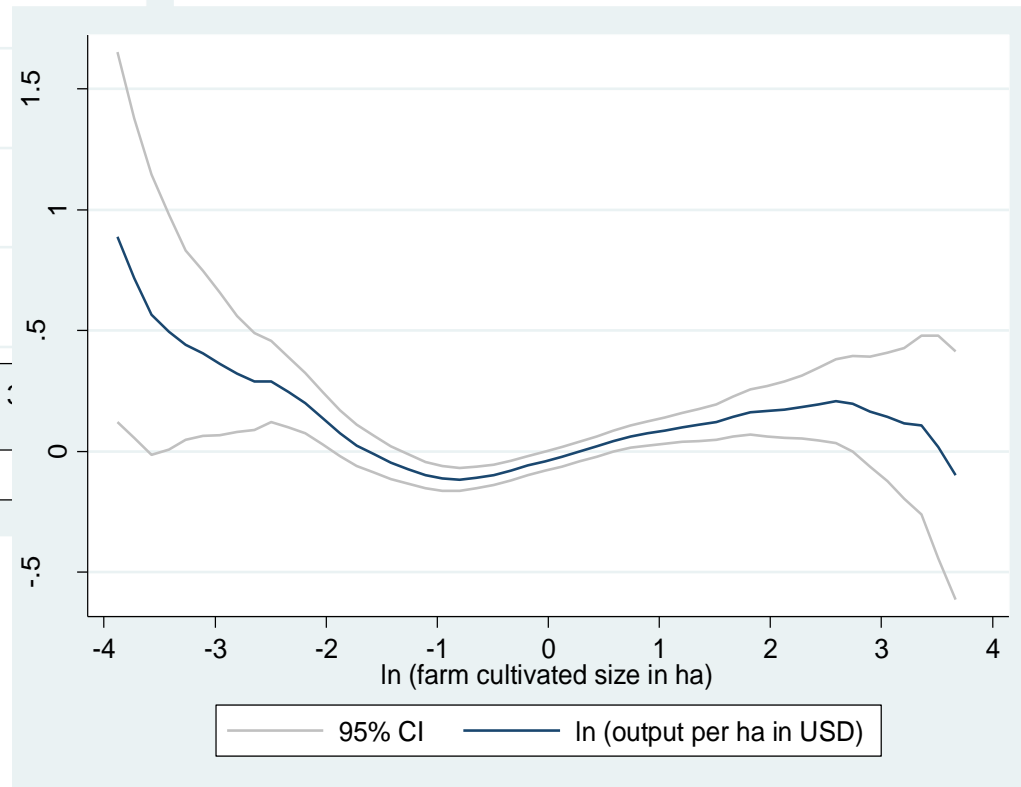
Improving large farm data & policy

- Important as (domestic) large farms expand (Jayne)
- Malawi is an interesting example
 - 75% of agric. area cultivated by smallholders
 - 25% by estates (avg. 35 ha; 21-year leases in late 1980s)
 - Virtually no data on estates (tech., land use, dynamics)
- Process for getting data
 - Registry computerization (textual & spatial)
 - Listing: Identify location, update, add key characteristics
 - Complement LSMS (12,000 hh) with 2,250 non-smallholders
 - 850 partially operated estates
 - 850 estates that are still fully operated (target not achieved)
 - Also 850 tenants

Sample composition matters

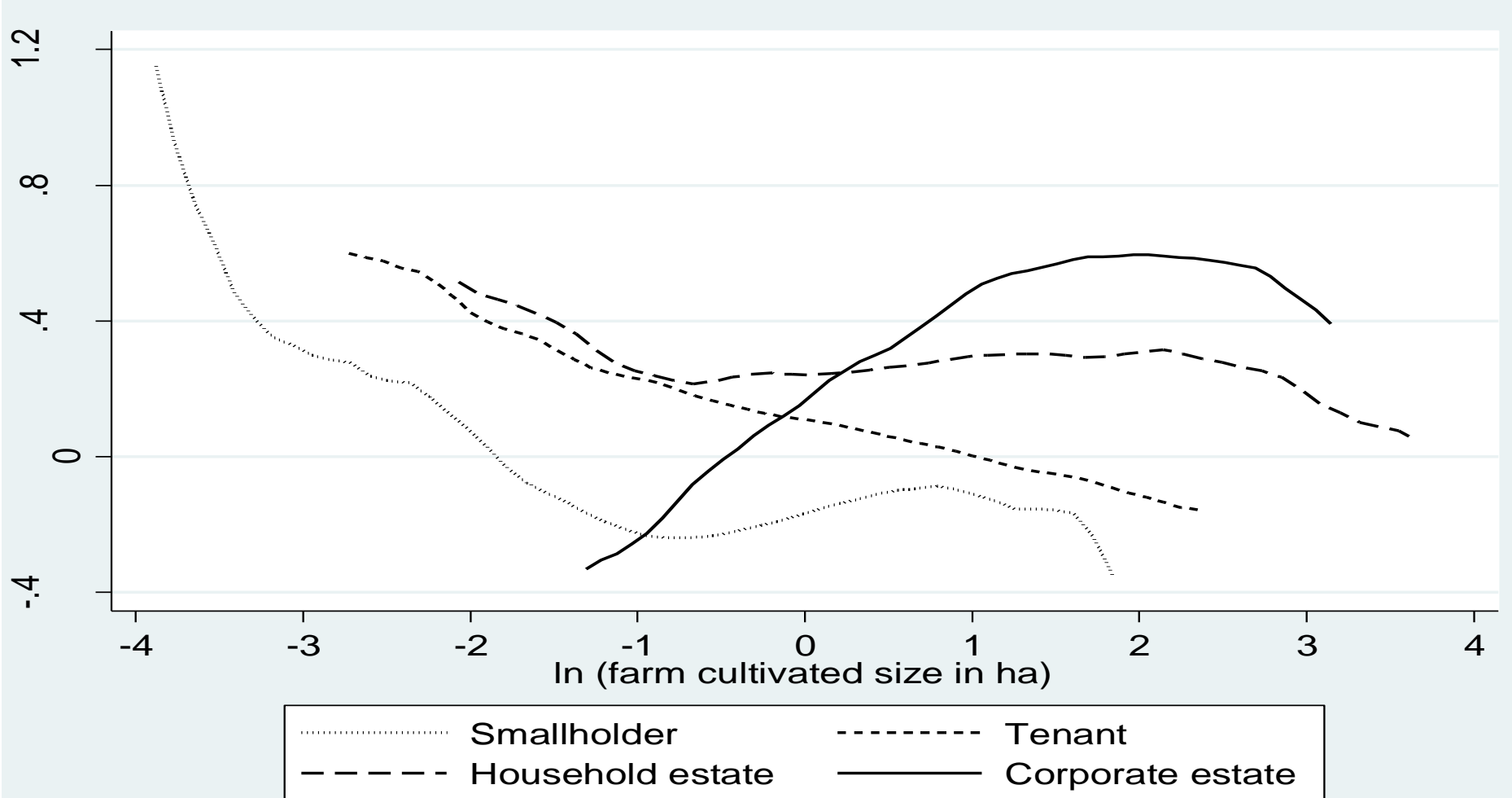


IHS sample: Straight IR



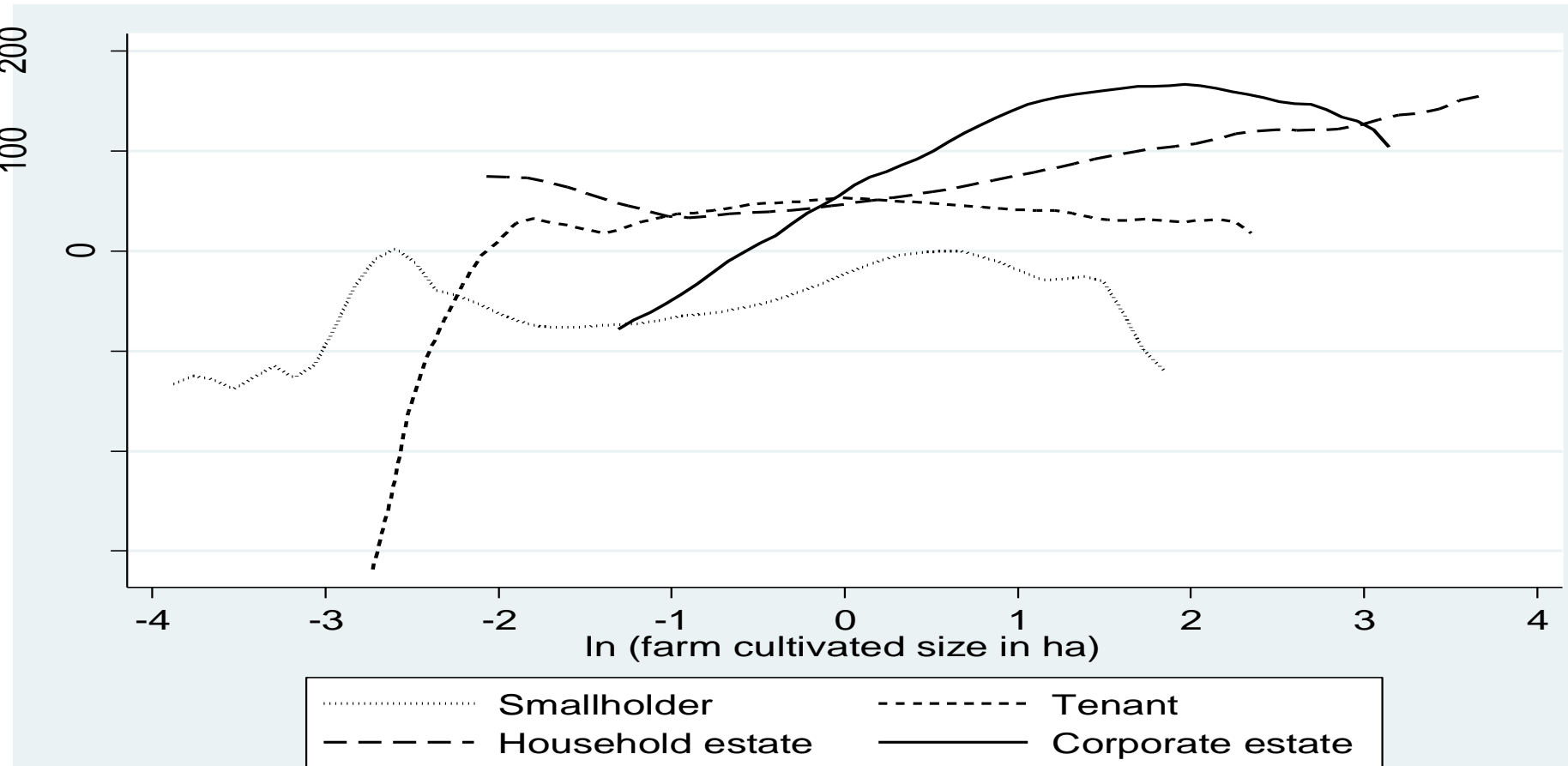
Entire sample: More of a U

... but estates are not homogeneous



Output/ha by cultivated farm size

Their profitability varies



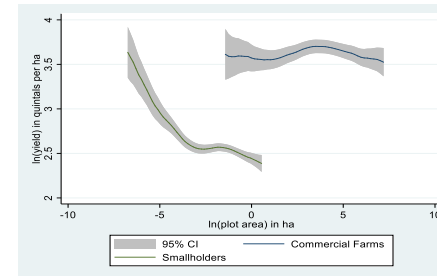
Profit (US\$/ha) by cult. farm area (family labor valued at market wage)

Raises 3 policy issues/questions

- Estates operate only a fraction of their land
 - < 30%; another 20-30% by tenants (labor supply)
 - Why do they not mechanize?
 - Does de-facto informal tenure preclude leasing out?
- Government loses revenue (up to 5% of pub. spending)
 - Some 90% of leases expired
 - Lease payments never adjusted & rarely collected
 - DPO conditions: Issued 30,000 bills & lease renewal notices
 - Strong interest to renew: Possibilities to experiment
- What to do with defunct estates' land?
 - Revert back to customary or distribute to 'investors'?
 - Can it be used to kick-start local clusters; generate spillovers?
 - Relevant at right point in political cycle (after next elections)

Spillovers from large farms (LFs)?

- Ethiopia as an example
 - Farms larger & mechanized
 - Eliminates IR - clear yield differences
 - Impact on smallholders (pos/neg.)?
 - Identification a challenge
- Changes in LF distance to identify
 - RHS: Changes in distance to next LF - same & all crops for (i) & (ii)
 - Dep. Var (i) input use (seed, fert); (ii) yield; (iii) employment; (iv) resilience
 - Bands: 0-25, 25-50, 50-100 km
 - Max 150 km; Woreda & time FEs
- Data heavy
 - Smallholders: 11 years 2004-14
 - Sample of about 40,000/a
 - LSs: Census of > 50ha incl. start date
 - Gridded rainfall since 1980s: Deviation



Maize yields by farm size for smallholders & estates

- Positive spillovers limited
 - No employment effect
 - Small pos. effects on maize fertilizer
 - Some resilience against shocks
 - Top-down nature of LF approval a potential reason
 - More coordinated approach would require local decision-making

Impact of tenure regularization I

Rwanda: Largest program in Africa

Start with 1999 inheritance law; 2005 OLL

Extensive piloting (15K parcels 2007-10)

Low-cost particip. approach (\$5-6/parcel)

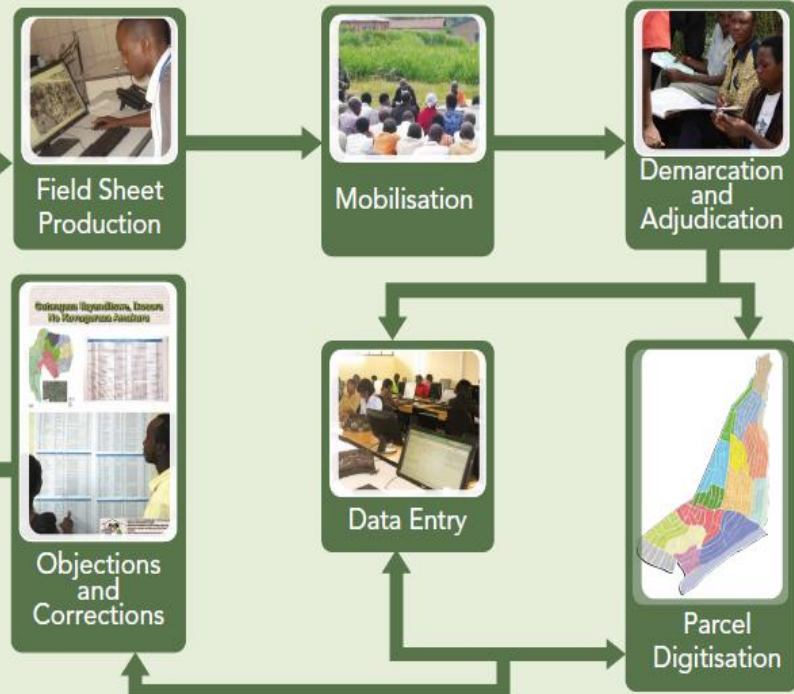
	Total	Kigali
Parcels regularized (mn.)	11.42	0.39
Area reg'd. (1000 km ²)	20.56	0.70
Share agric.	0.64	0.51
Female (co)owner	0.86	0.83



Rwanda Natural Resources Authority



LTR
PROCESS OVERVIEW



Pilots 2009-11: Impacts

Long time for limited pilot

Invest. double – triple if fem. head

Expansion of female rights overall

Neg. for not legally married ones

Changed regulations to address

Impact of tenure regularization II

HH level evidence for nat. program 2011/12 (randomized roll-out)

Perceived rights more secure & higher market participation

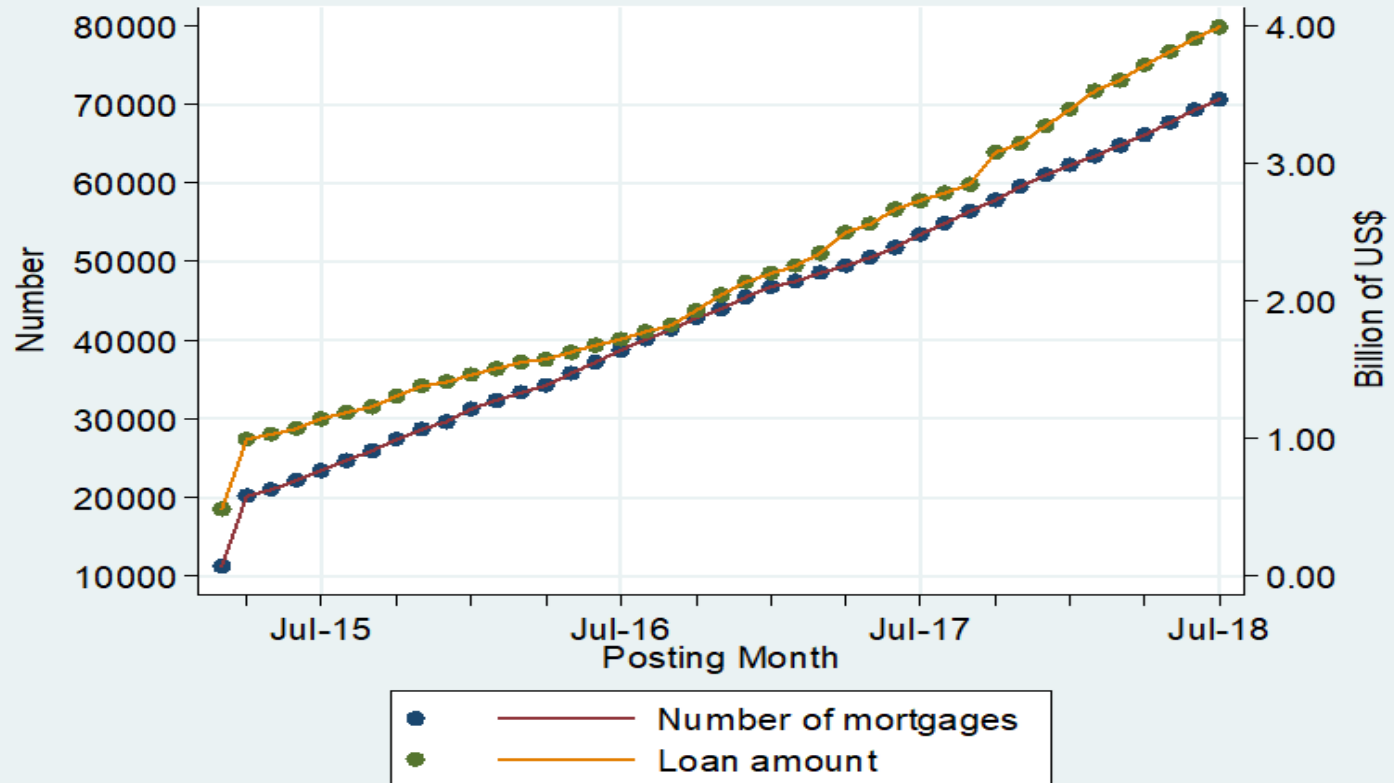
Lower labor for land prep (not hvst) - stronger if weak initial rights

Wage employment & -income increase

Food security (skipped meals) improves

Consistent w. structural transformation

Admin. data



How can formality be sustained?

Informality not an issue in urban areas

Kigali: sales for 6% of parcels registered each year
But return to informality (reg < death rate) in rural

Provide information & access to service points

'Land weeks' & 413 sector land managers (SLMs)
Admin data: Placing SLM doubles sale registration
... but no effect on registering non-monetary trsfrs

Link personal & land registration

All sectors with online connectivity
Routinely reflect change in individual's personal
status (death, marriage) in land registry at no cost
Testing this in Rwanda

Reduce fees to be commensurate w land value

Currently Rwanda has a flat fee (US\$m 40/parcel)
Survey to assess rural informality & experiment
with fee levels currently in field
Implications for financing land services

How can formality be sustained?

Informality not an issue in urban areas

Kigali: sales for 6% of parcels registered each year
But return to informality (reg < death rate) in rural

Provide information & access to service points

'Land weeks" & 413 sector land managers (SLMs)
Admin data: Placing SLM doubles sale registration
... but no effect on registering non-monetary trsfrs

Link personal & land registration

All sectors with online connectivity
Routinely reflect change in individual's personal status (death, marriage) in land registry at no cost
Testing this in Rwanda

Reduce fees to be commensurate w land value

Currently Rwanda has a flat fee (US\$m 40/parcel)
Survey to assess rural informality & experiment with fee levels currently in field
Implications for financing land services

Interoperability: Enhance use/benef.

Online link to courts & banks
Regulate/publish valuations (exprop.)
Enhance security (blockchain?)
Link to building permitting & planning
Towards multipurpose cadaster

Act. & potential land tax, Kigali	Resid.	Comm
Taxable parcels (1000)	132.47	4.70
Parcels that paid in 2015	39.90	1.08
Total payment (US\$ mn)	2.06	0.13
Tax debt all parcels (US\$ mn)	7.96	0.85
Increment (US\$ mn)	5.90	0.71

Collect land tax

Considerable potential in urban
Nominal amount reminder in rural?

The conundrum of urban land tenure

- Urban land rights essential for Africa's development
 - Urbanization w/o growth driven by resource rents, imports
 - Huge land appreciation goes into private pockets not public goods
 - No basis for valuation, financial development, own source revenue
 - Unplanned expansion, no services
 - Will affect competitiveness & job generation
- Demand for title is high, even by low-income households
 - DSM experiment: Did survey to get title for 50 blocks (40 parcels each)
 - Reduces cost to some TSh 100K (US \$ 75) by bulk contracting
 - Lottery with vouchers to vary the 'price' of CROs (US\$20-80)
 - Average WTP about \$ 35 – even higher figures in other countries
- This can have a strong gender effect
 - Some vouchers conditional on putting woman on the CRO
 - Women's NGO (WAT) for repayment program (& advocacy)
 - Baseline: 24% wanted put female on title– 89% actually did (vs. 5% on RLs)
 - Surprisingly (for economists), monetary incentive had no effect
- But there are strong political & vested interests opposing titling
 - First, held up on technicalities (beacons), then area had been gazetted as a park
 - Down-payments had to be refunded and people were very angry
 - A 2nd, better designed experiment in TZN flopped completely

How to improve urban tenure?

- Go beyond Ministries of Land to Finance & Local Gov't
 - e.g. Zambia: Title needed to collect property tax (1% of land value)
 - On existing titles only 10% collected – (mobile money exp. in field)
 - Can use to boost effective local service provision
 - Valuation for just expropriation & financial sector development
 - Local land use planning & issuing/checking building permits
- Link to tax revenue & realistic planning
 - In all developing countries, yield from property tax dismal
 - Roll highly incomplete (63/400K properties), about 50% collection
 - Valuation outdated – though CAMA could be very quick
 - Delaying issuance of rights until plans realized unrealistic
- Involve private sector (project mode)
 - PPP-BOT to establish/expand system establishment possible
 - Local Governments could in principle issue bonds to finance
 - Rapid expansion of coverage neither mandate nor comparative advantage of bureaucracies

Think WIDER: Policy recommendations

1: Computerize existing data

- Diagnosis of data quality, institutional performance, gaps & options
- Eliminate scope for graft and rent seeking

2: Adjust regulations & institutional arrangements

- Affordable, gender sensitive & comprehensive service provision
- Data integrity, reduce unneeded steps, harness new technology

3: Expand coverage & interoperability for full benefits

- Key for equity & elimination of existing arrangements' wealth bias
 - Different institutional options (indiv. & communal)
 - Gov't systems & data access for & regulation of private sector
- Global community has a role to play
 - Policy conditions can help empower certain groups
 - Simple indicators (SDG 1.4.2 5.1.a) to raise the bar globally
 - Building capacity for domestic policy analysis

Thinking WIDER: Research agenda

Local evidence/research essential at every step

- General concepts hide enormous variation & complexity
- Getting things wrong would have disastrous consequences
- Adaptation to local context & impact on land use imperative
- Policy/institutional changes as experiments
 - Change modalities of service provision/customer interaction
 - Expanding system coverage
 - Data on location/nature of interventions often bottleneck
- Admin. data & RS can provide immense opportunities
 - Real time monitoring (e.g. use of large farm concessions)
 - Combine spatial data & satellite imagery to go back in time
 - Farm/hh surveys to add behavioral channels/perceptions
- Work on urban land tenure/property tax in Africa next?