

Land Markets Under the Radar: A Cross-Country Analysis of Market Activity in Sub-Saharan Africa

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Emergence of land markets

Linear model:

- Customary tenure with traditional modes of transfer, minimal monetary transactions for land
- Land values increase with
 - higher population density
 - agricultural commercialization
 - development of complementary factor markets
- Institutional change becomes *efficient* (Sjaastad 2003)
- Shift to individual property rights

Reality is messier:

- Transactions for “improvements” on the land
- Monetary transactions within clan at below-market prices
- Expectations of nonmonetary reciprocity within monetary trades (Chauveau and Colin 2010)
- Sales disguised as loans or rentals
- Land can move in and out of clan oversight (Wineman and Liverpool-Tasie 2017)

“Sales of agricultural land are not common in any study country [including Ethiopia, Malawi, Tanzania, and Uganda], while land rental markets are active everywhere.”

Emphasis on rental market, rather than sales market

“Empirical focus has been placed on rental markets in SSA as they generally ...are...more prevalent within the region's smallholder production systems.”

Land titles considered necessary to spur land market, provide requisite tenure security (Pinckney and Kimuyu 1994; Platteau 1996)

Rental markets viewed as equity-enhancing, sales markets as susceptible to elite capture (Sitko and Jayne 2014)

Data

Living Standards Measurement Study Integrated Surveys on Agricultural (LSMS-ISA) data sets

- Tanzania (2014/15)
- Ethiopia (2015/16)
- Nigeria (2015/16)
- Uganda (2013/14)
- Malawi (2013/14)

Tanzania Agricultural Sample Census Survey 2007/08

How did your household acquire this [PARCEL]?

GRANTED BY LOCAL LEADERS.....1
INHERITED.....2
RENT3 (▶Q7)
BORROWED FOR FREE4 (▶Q11)
MOVED IN WITHOUT PERMISSION....10 (▶Q11)
OTHER (SPECIFY)11 (▶Q11)

How did your household acquire this [PARCEL]?

GRANTED BY LOCAL LEADERS.....1
INHERITED.....2
RENT3 (▶Q7)
BORROWED FOR FREE4 (▶Q11)
MOVED IN WITHOUT PERMISSION....5
SHARED CROP IN. 6 (▶Q7)
→ PURCHASED.....7
OTHER (SPECIFY)8

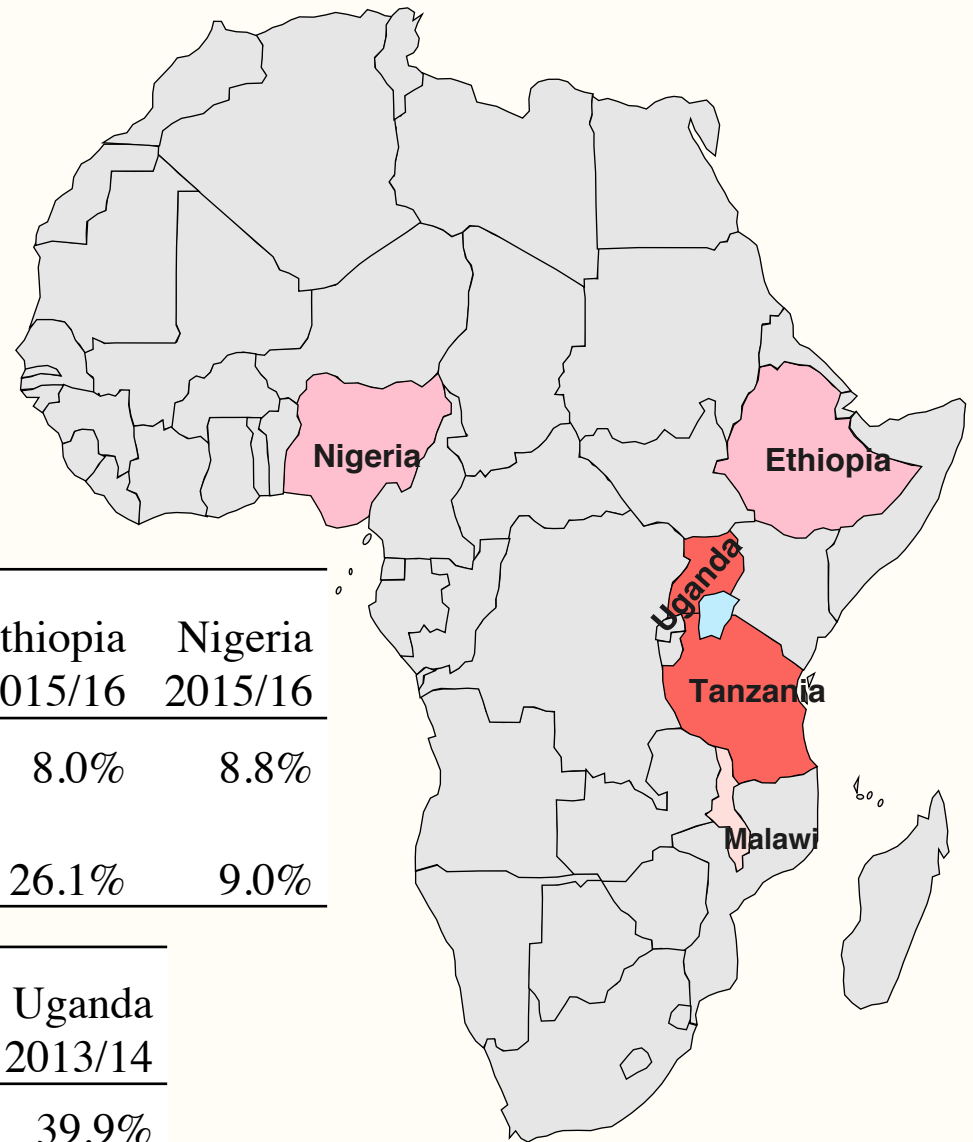
Information available (sometimes)

- Mode of plot acquisition
- Time of acquisition
- Sales rights, permission required
- Payments made

Research Questions

1. Rates of land market activity across countries (and sometimes over time)
2. Characteristics of market participants across countries
3. Correlates of market activity within countries
4. Political economy as potential explanation for variation in market activity



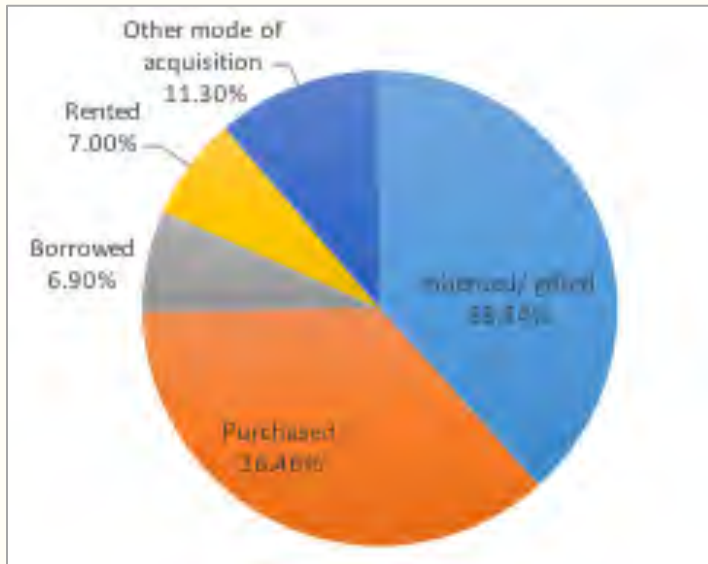


% of agricultural landholders with...	Malawi 2013/14	Ethiopia 2015/16	Nigeria 2015/16
Purchased land	3.3%	8.0%	8.8%
Rented land (incl. sharecropping)	12.6%	26.1%	9.0%

% of agricultural landholders with...	Tanzania 2015/16	Uganda 2013/14
Purchased land	38.4%	39.9%
Rented land (incl. sharecropping)	15.8%	17.2%

Tanzania

% land area



Source: LSMS 2014/15

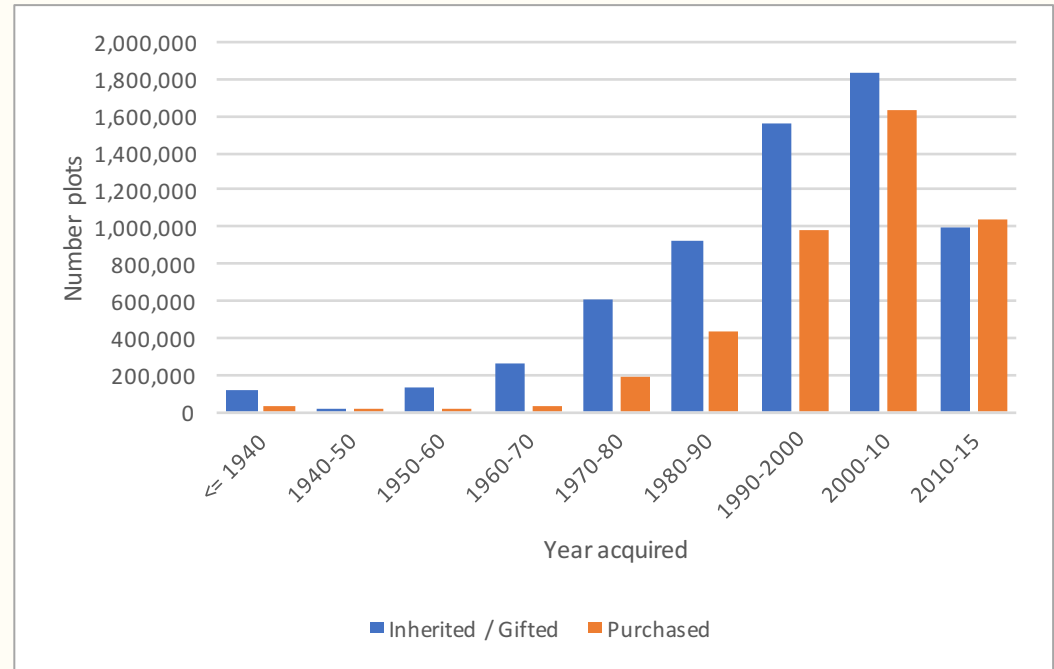
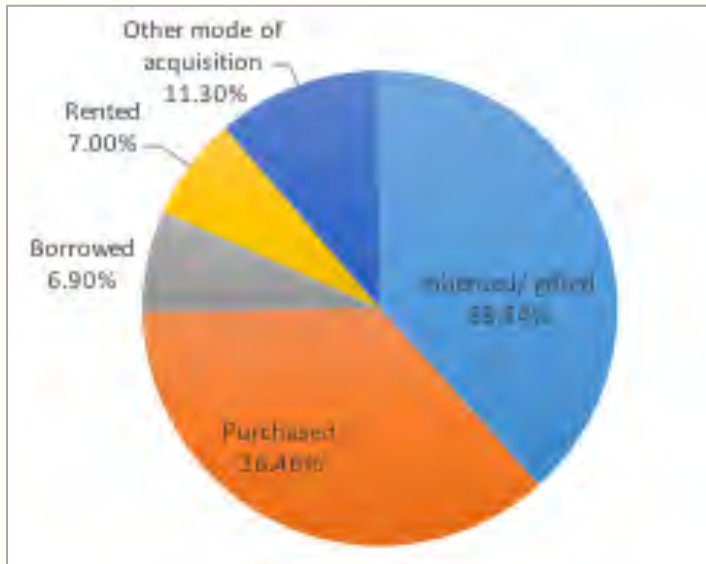
Posting of rental agreements
with newcomers in Kagera



Tanzania

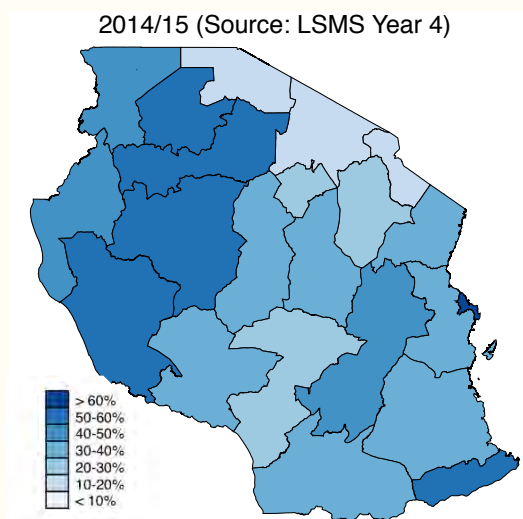
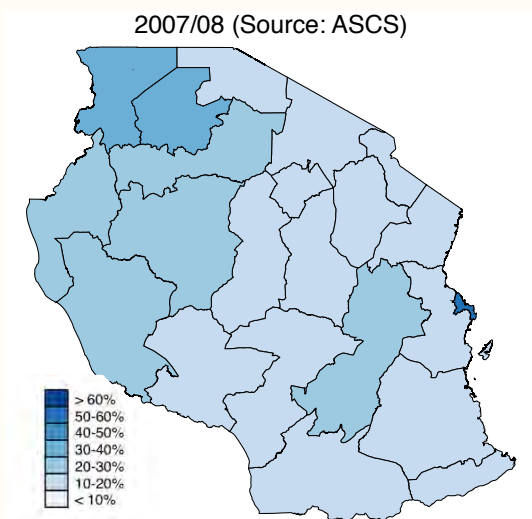
Year of acquisition of inherited and purchased plots

% land area

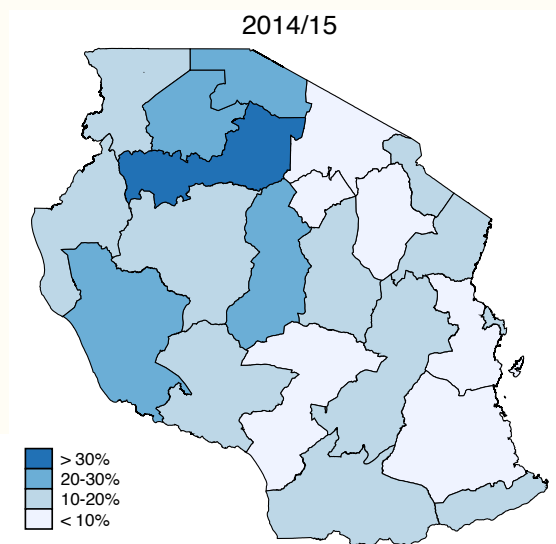
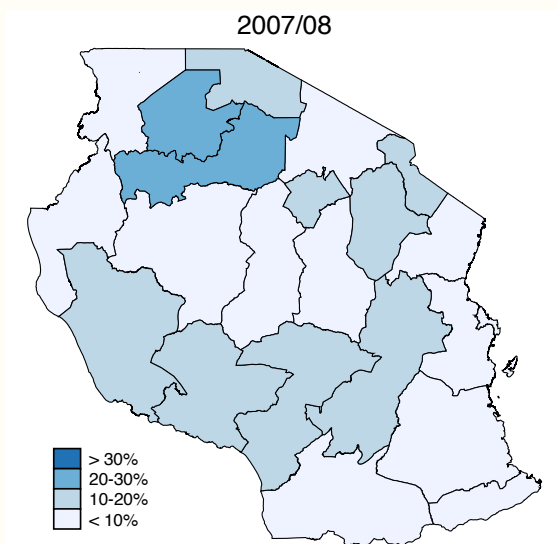


% cropping households that...	Source: Agriculture Sample Census 2007/08	Source: LSMS 2014/15	
		All Households	Rural Households
Possessed purchased land	19.4%	38.5%	38.4%
Rented land	10.7%	15.7%	15.03%

% Cropping households that possess purchased land, 2008 - 2015



% Cropping households that rent land, 2008 - 2015



Tanzania – Plot characteristics (LSMS 2014/15)

	Mode of acquisition (mean values)					
	Inherited	Purchased	Test ^a	Rented	Borrowed	Other
Area (ha)	0.94	1.38	***	0.80	0.56	1.79
Value (100,000s TSh/ha)	6.23	6.59		4.09	5.28	3.53
Years held	18.99	13.48	***			
{ 1= Plot has title or CCRO	0.03	0.13	***			
{ 1= Plot has other document ^b	0.09	0.36	***			
1= Can leave fallow	0.88	0.89		0.27	0.57	0.86
{ 1= Can sell	0.71	0.90	***			
{ 1= Can sell without approval	0.54	0.78	***			
1= Plot dispute in past year	0.04	0.05				
1= Contains fruit tree(s)	0.39	0.43		0.01	0.24	0.32
1= Male owner(s)	0.41	0.38	**			
→ 1= Female owner(s)	0.28	0.19	***			
1= Male & female owners	0.31	0.43	***			
→ 1= Urban nonresident owner (>15 km away)	0.02	0.01		0.05	0.02	0.01
→ 1= Migrant household head	0.24	0.52		0.56	0.35	0.38
Observations	1,783	1,261		403	579	265

^a Tuki test for difference in mean values of inherited and purchased plots

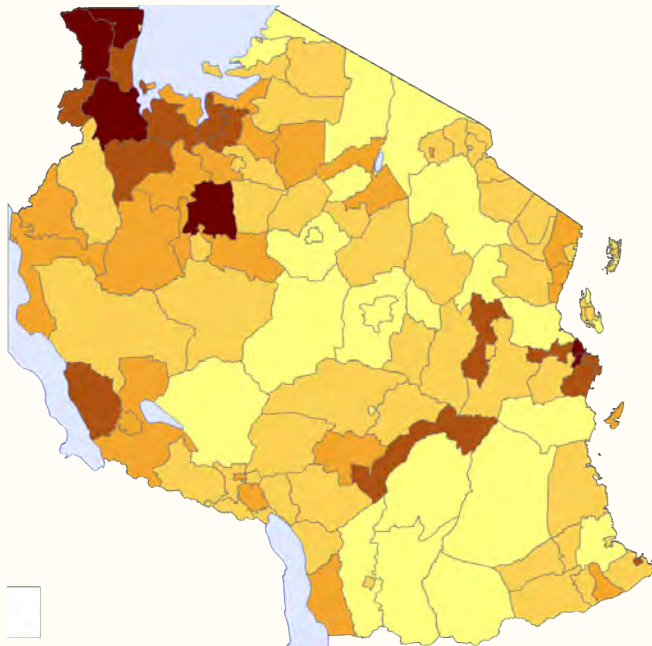
^b 'Other documents' does not include informal sales contracts

Tanzania – Correlates of land market participation (demand side)

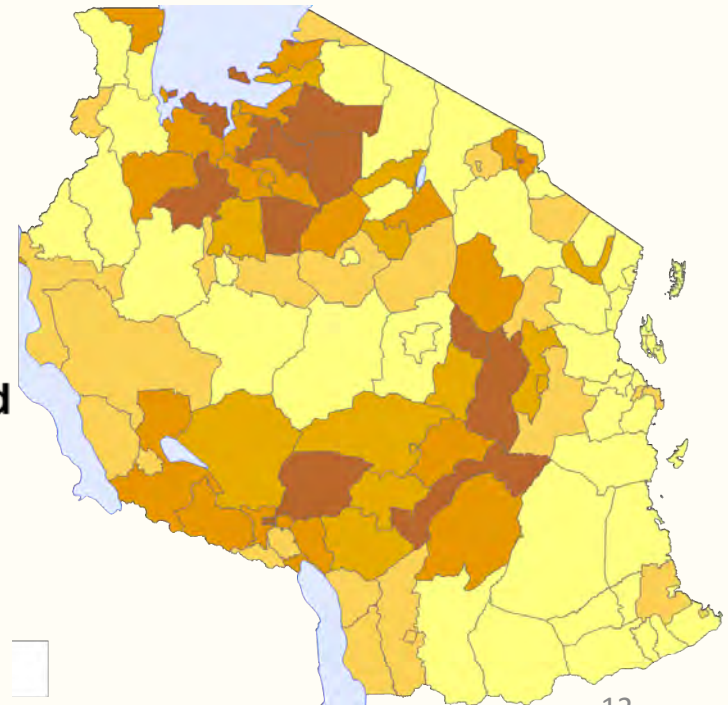
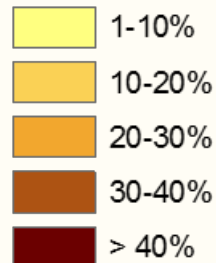
	Probit		Tobit	
	(1)	(2)	(3)	(4)
	1= Purchased land in past 5 years	1= Rents in land	Area purchased in past 5 years (ha)	Area rented in (ha)
Land area held 5 years ago (ha)	-0.03***		-0.10***	
Land area held and not rented in (ha)		-0.08***		-0.12***
1= Female-headed household	-0.08***	-0.03	-0.25***	-0.07*
HH size	0.01***	0.02***	0.05***	0.03***
Age of HH head	-0.00***	-0.00***	-0.01***	-0.00***
Proportion of crop value produced that was sold	0.08***	0.06**	0.30***	0.11**
Time to fetch water in dry season (minutes)	-0.00	-0.00	0.00	-0.00
Asset index	0.01***	-0.00	0.03***	-0.00
Tropical Livestock Units	0.00	-0.00**	0.00**	-0.00**
1= HH draws income from off-farm activities (wage work or business)	0.02	0.04**	0.04	0.07*
1= Rural household	0.03	0.00	0.11	0.02
Distance to a road (km, average across plots)	-0.00	0.00	-0.01	-0.00
Observations	2,090	2,090	2,090	2,090

Average partial effects; *** p<0.01, ** p<0.05, * p<0.1

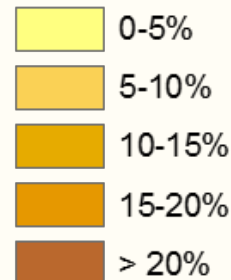
Land market activity across Tanzania



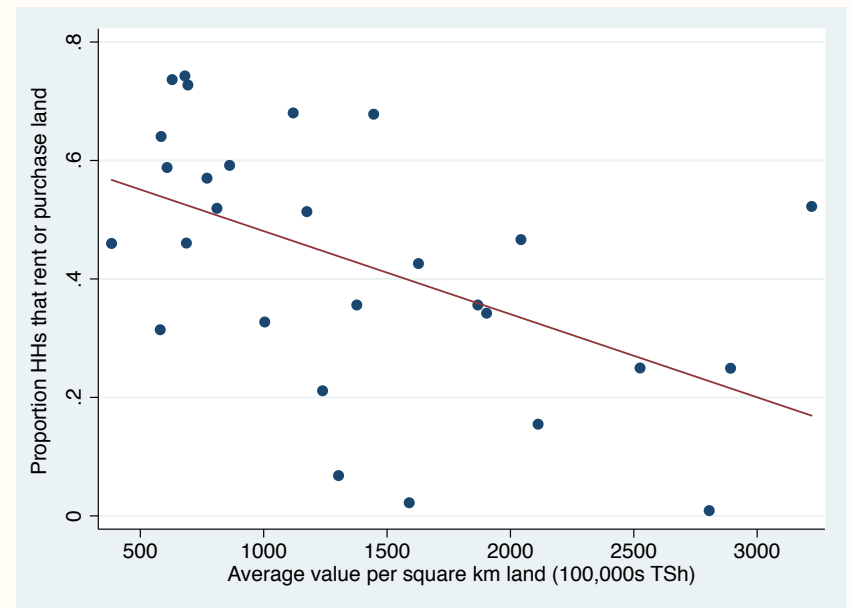
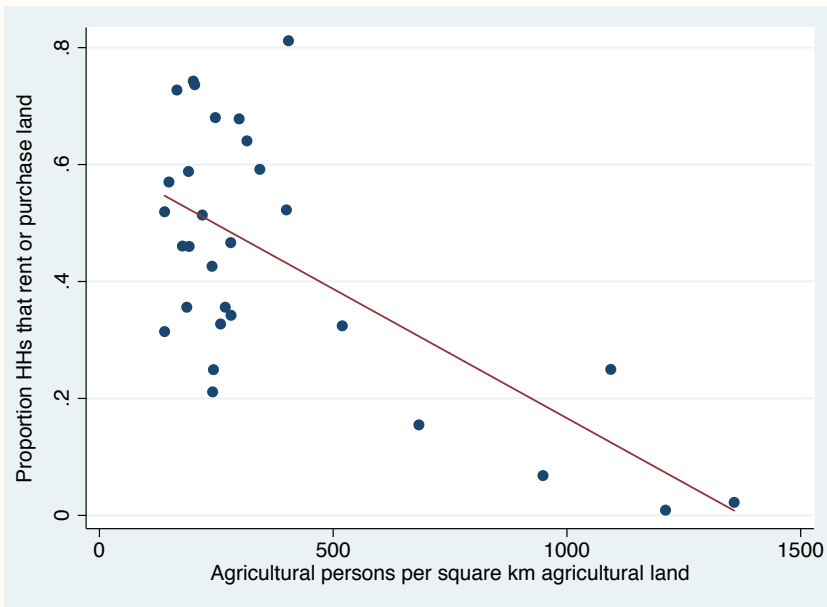
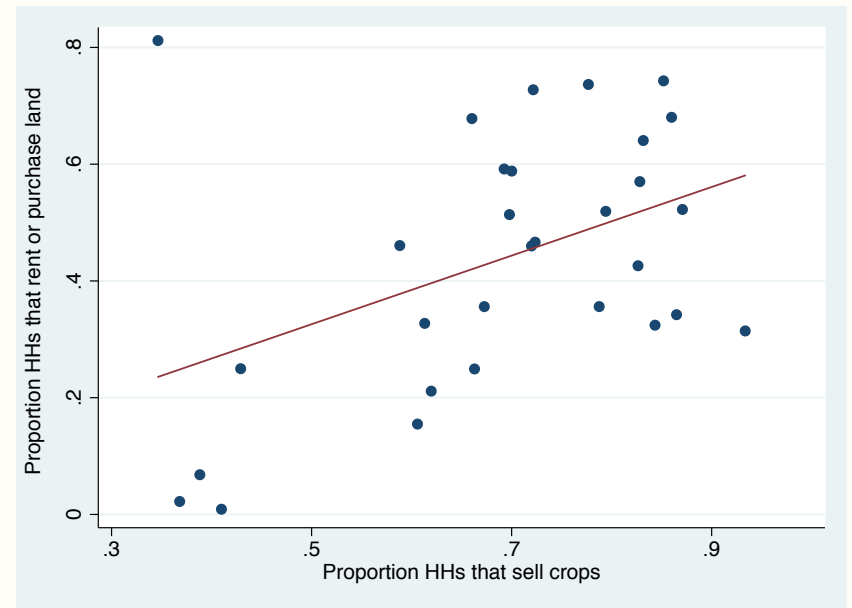
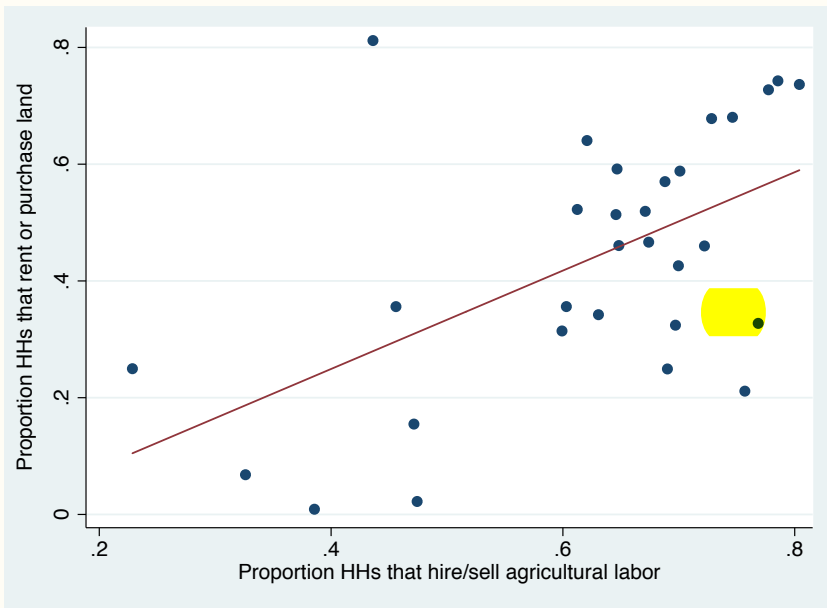
% households with purchased land



% households with rented land



Source: ASCS 2007/08



Region-level scatterplots (LSMS 2014/15)

Background: Tanzania

- **1961:** Nationalization of land

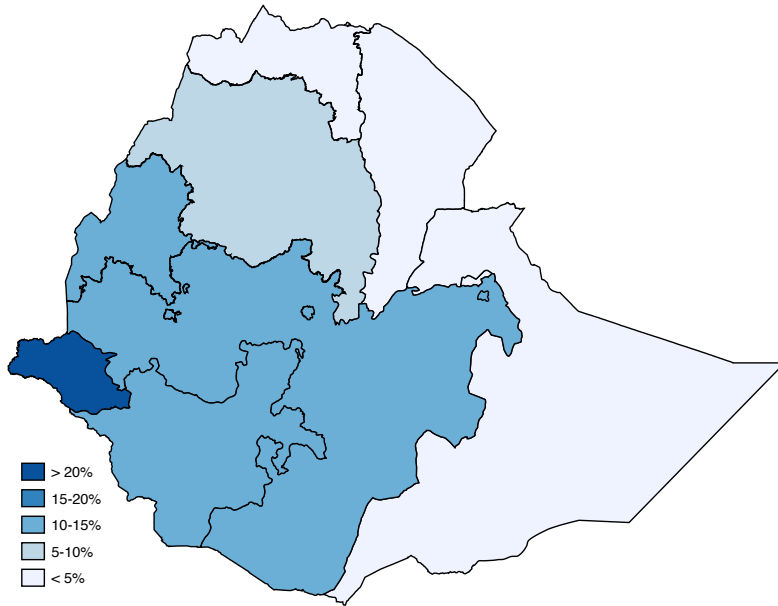
“It is quite possible that... if the poor African were allowed to sell his land, all the land in Tanganyika would belong to wealthy immigrants, and the local people would be tenants.” -President Nyerere, 1958



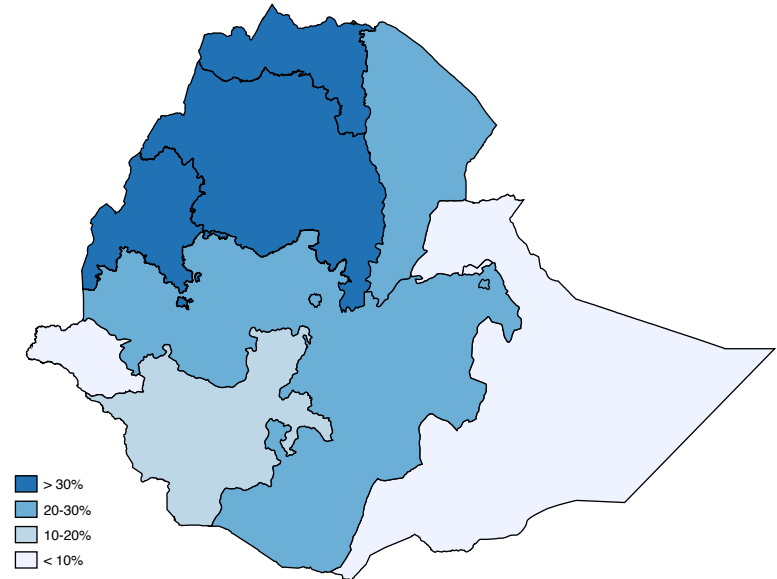
- Land removed from tribal oversight, administered by democratically elected Village Councils
- **1982:** Land market revived when Tanzania abandons state socialism
- **1999:** Village Land Act → Customary land rights recognized as transferable

Land market activity across Ethiopia

% Landholding households with purchased land



% Landholding households with rented / sharecropped land

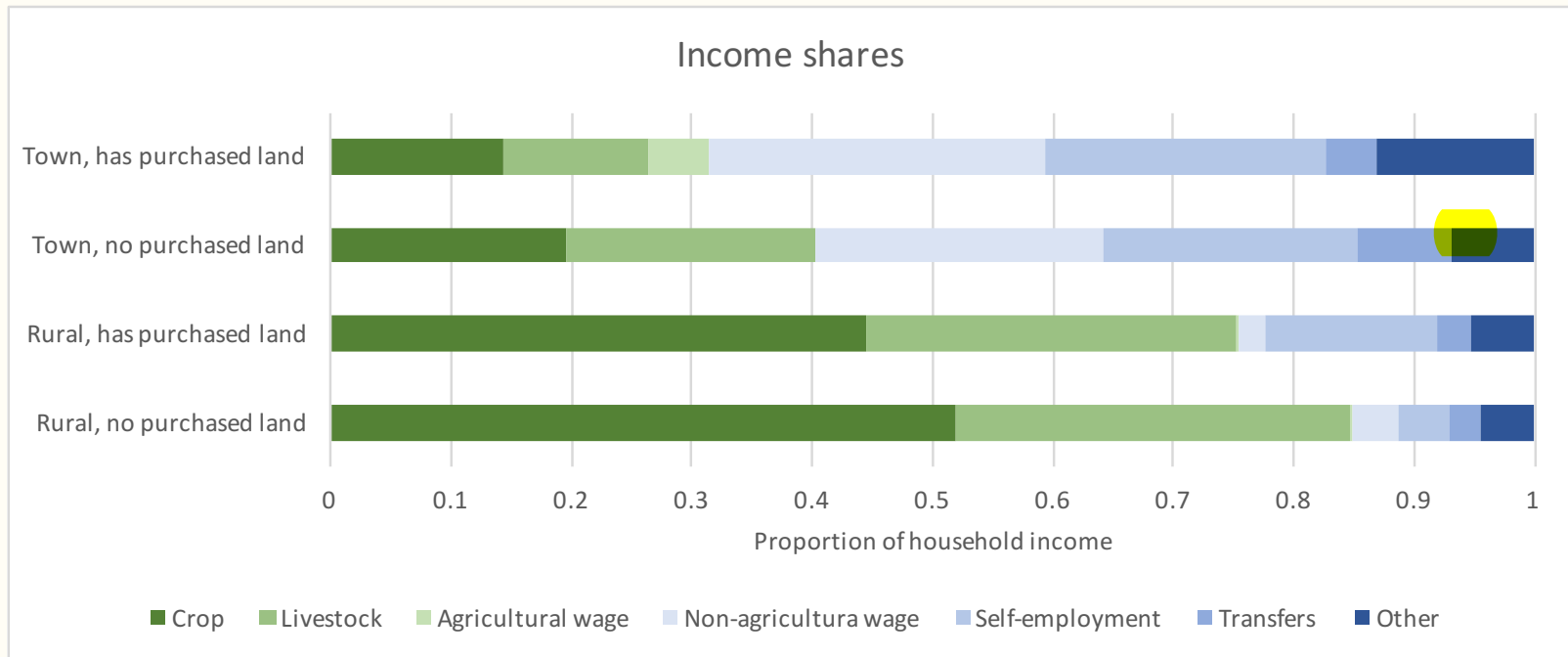


Ethiopia – Descriptives of land market participants (demand side)

- 4.4% of HHs with agricultural land are based in small towns (neither rural areas nor big towns)
- 18.7% of HHs that possess purchased agricultural land are in towns
- 6.8% of rural HHs (34.1% of town HHs) possess purchased land
- Average parcel size = 0.39 ha
- Average purchased parcel size held by rural HH = 0.39 ha; held by town HH = 0.12 ha

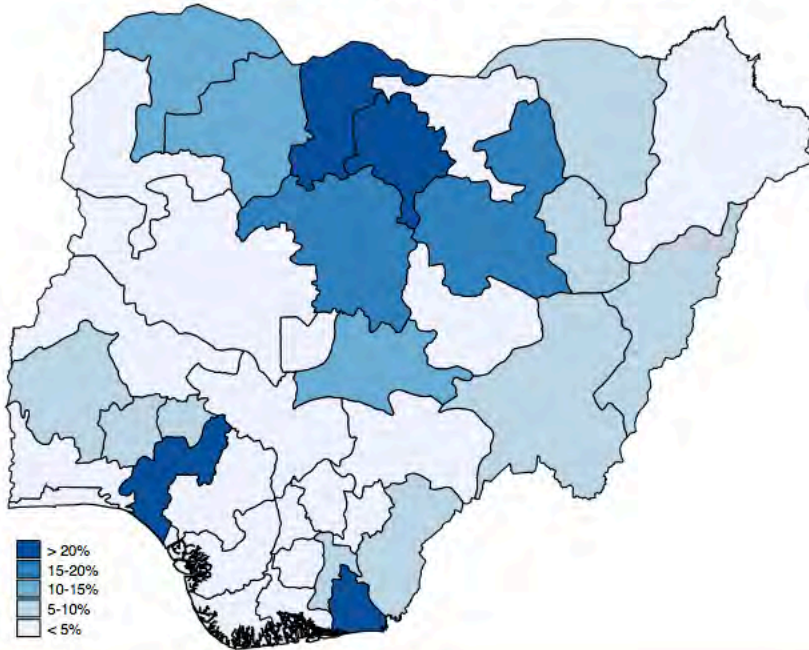
% crop value sold

- 6.4%
- 10.1%
- 18.8%
- 18.6%

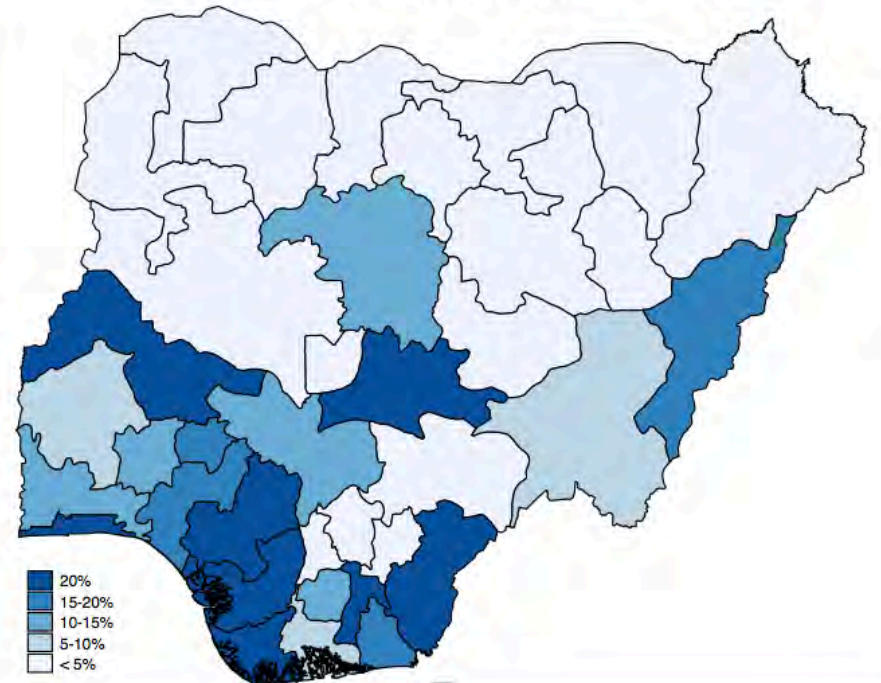


Land market activity across Nigeria

% Households With Purchased Land



% Households With Rented Land



Nigeria – Plot characteristics

	Mode of acquisition (mean values)				
	Inherited	Purchased	Allocated	Rented ^b	Borrowed
Area (ha)	1.64	1.47	1.65	3.20	2.28
Value (log 100,000s naira/ha)	2.29	2.26	1.51	1.78	1.98
Years held	23.75	15.90	15.65	6.06	11.16
1= Plot has title or CCRO	0.06	0.31	0.04		
1= Plot has other document ^a	0.05	0.31	0.03		
→ 1= Can sell	0.80	0.93	0.40		
→ 1= Male owner(s)	0.81	0.89	0.78		
1= Female owner(s)	0.11	0.05	0.14		
1= Male & female owners	0.08	0.06	0.08		
→ 1= Urban holder	0.10	0.17	0.08	0.30	0.18
Observations	4,112	331	436	436	495

^a These documents do not overlap with titles

^b Rental includes both cash and in-kind payments (presumably inclusive of sharecropping)

Gaps in our knowledge

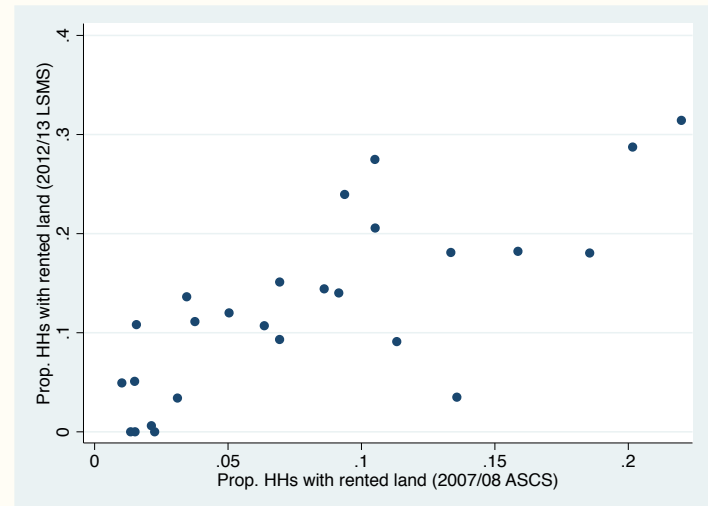
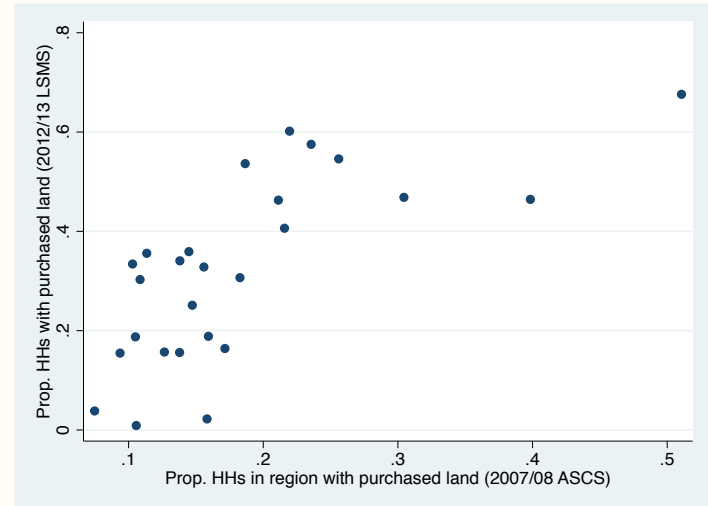
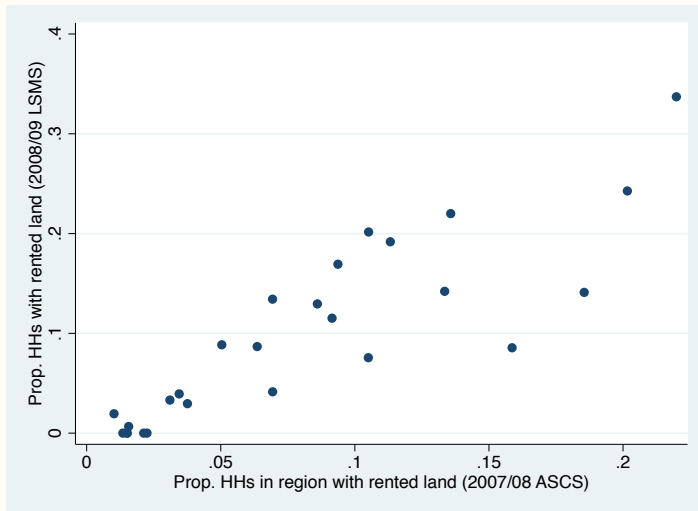
- “Rules” of the informal land market (Wineman and Liverpool-Tasie 2017)
- Supply side of the sales market
 - If motivated by distress, a successful response or a poverty trap?
 - Land sales and migration (Wineman and Liverpool-Tasie 2018)
- Consequences of land sales market
- **Typology** of land acquisitions
- Definitions of “sale”, “rental”, “informal market” (Benjaminson and Lund 2003)

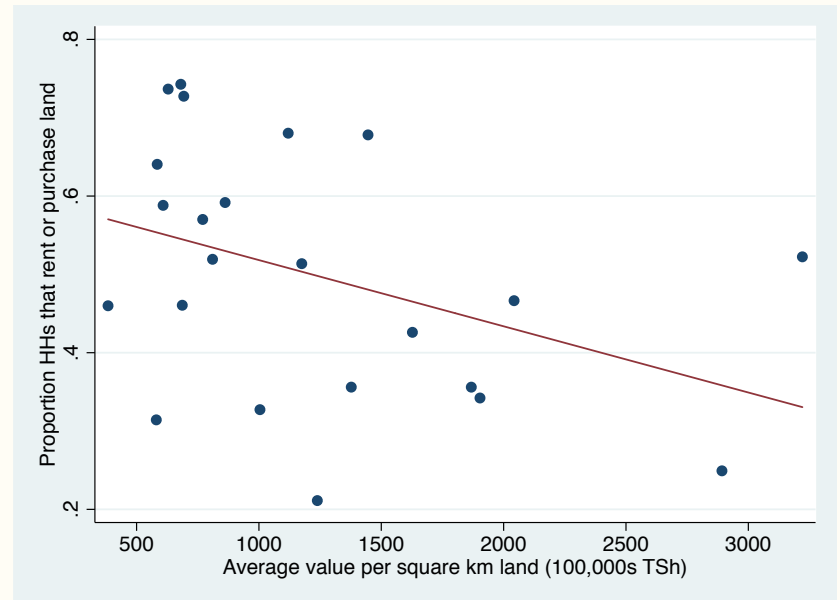
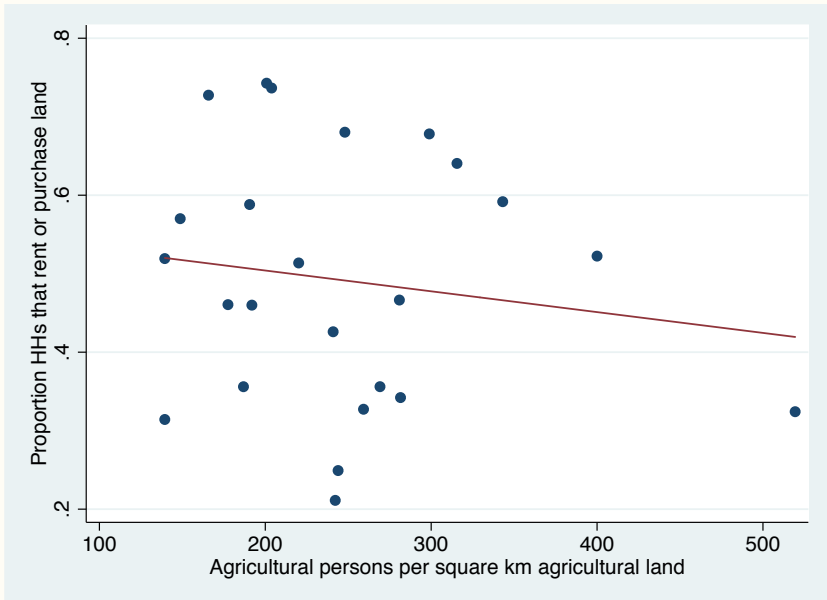
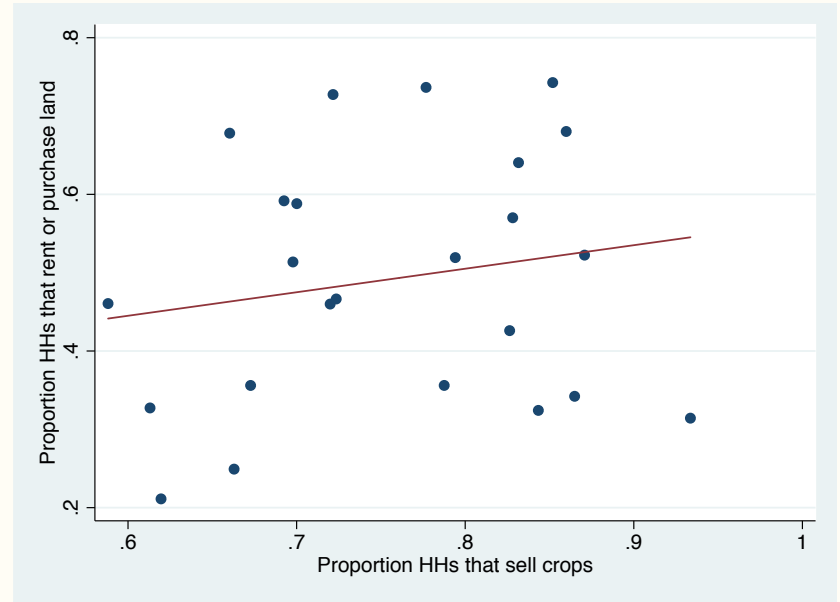
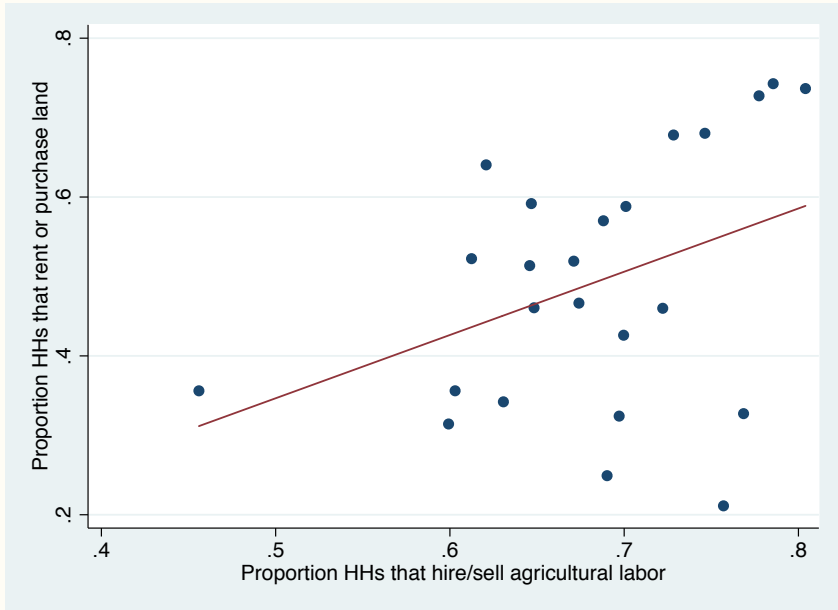
Thank you!



Extra Slides


Comparison of Tanzania ASCS (2007/08) and LSMS (2008/09 and 2012/13)





Region-level scatterplots without Zanzibar or Dar es Salaam

Ethiopia – Plot characteristics

	Mode of acquisition (mean values)				
	Inherited	Purchased	Allocated	Rented	Other ^b
Area (ha)	0.34	0.36	0.44	0.37	0.55
Rental value (1,000s birr/ha) ^a	9.41	8.90	7.63	4.94	7.88
1= Plot has certificate	0.54	0.43	0.82		0.27
1= Has been left fallow	0.19	0.15	0.19		0.16
1= Contains tree crop(s)	0.29	0.43	0.12	0.02	0.13
 1= Male seller(s)	0.16	0.26	0.10		0.12
1= Female seller(s)	0.11	0.10	0.15		0.11
1= Male & female sellers	0.72	0.64	0.75		0.75
1= Town owner, parcel does not contain the homestead	0.01	0.02	0.01	0.01	0.05
1= Migrant household head ^c	0.01	0.06	0.04	0.04	0.05
Observations	1,783	1,261	403	579	265

^a Rental value estimates exclude parcels that contain the homestead. These are either estimated or, for rented plots, observed.

^b Borrowed plots are lumped in with 'other'.

^c Migrant = Head born in a different region