Food Policy xxx (2014) xxx–xxx

Contents lists available at ScienceDirect

Food Policy

journal homepage: www.elsevier.com/locate/foodpol

Identifying and addressing land governance constraints to support intensification and land market operation: Evidence from 10 African countries ☆

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A R T I C L E I N F O

Article history:
Available online xxxx

Keywords:
Land tenure
Africa
Governance
Markets
Economic development

A B S T R A C T

Beyond concerns about agricultural productivity growth, issues of land governance have attracted global interest as demand for land acquisition by outsiders has increased rapidly but most of the transfers failed to live up to expectations and instead disrupted local livelihoods. We use the land governance assessment framework to identify key conceptual issues and identify how land governance in 10 African countries compares to global good practice. Results point towards weak protection of rights in practice, large gaps in female land access, and limited outreach and effectiveness of institutions to record rights and adjudicate disputes. We note that programs to improve performance along these lines had significant impact in other contexts, suggesting that efforts to improve land governance will be warranted and should be closely monitored and evaluated in an effort to identify models suited to African conditions and assess their impact and interaction with other factor markets.

Background and justification

Issues of land governance have recently gained prominence for two reasons. First, many African countries are seen as not having realized their agricultural potential. Input use remains low and, even in relatively land abundant countries, rural households seem to cluster in areas with high population density or infrastructure access and perceive land availability to be a key constraint for expansion (Jayne, this volume). The fact that currently no country in Sub-Saharan Africa achieves even 25% of potential yields (Byerlee and Deininger, 2013) highlights the potential for vast improvement and has been one of the motivating factors for an enormous recent increase in investor interest. With a very high rural population share, this affects poverty reduction as well as overall economic development. Second, high demand for land by outside (not necessarily foreign) investors together with evidence that these are often unable to realize the expected gains in productivity, has raised concern about large scale loss of local livelihoods through alienation of large amounts of communal lands rights to which are only weakly protected in ways that often do not even involve local users. Ways to quickly protect such rights and provide ways to bring them to productive use have thus gained increased prominence.

Land tenure has long been viewed as a central element of development efforts as it affects productivity through at least three channels, namely (i) the likelihood of owners making land-attached investments; (ii) the scope for transferring land to more productive users and take up non-agricultural employment; and (iii) the ability to use land as collateral for credit. Yet, results from earlier interventions that were focused on (individual) title, that failed to appreciate the political repercussions and institutional complexity of the issue, and that neglected the imperatives of broad coverage, cost-effectiveness, and sustainability, often failed to live up to expectations (Bruce and Migot-Adholla, 1994).

By drawing on the results from the Land Governance Assessment Famework (LGAF), a diagnostic tool developed by the World Bank and partner institutions and now widely applied across the globe, for a set of 10 African countries, this paper aims to identify ways in which land governance more broadly defined may affect productive outcomes. The aim of the LGAF is to help countries compare their land situation in 5 areas (land rights recognition, land use planning, management and taxation, expropriation, public provision of land information, and conflict resolution) against global good practice via an ordinal ranking of some 80 dimensions

☆ The views presented in this paper are those of the authors and do not represent those of the World Bank or its member countries.

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http://dx.doi.org/10.1016/j.foodpol.2014.03.003
0306-9192/© 2014 Published by Elsevier Ltd.

that draws on input by local experts and stakeholders (Deininger et al., 2011b).

The justification for doing so is that weak land governance may affect cultivators' (often women's) ability to invest in enhancing land productivity. LGAF results indeed point towards significant gaps in land governance in the 10 countries concerned. Most importantly, legal recognition or formal papers may not be enough but need to be backed by the ability to defend such rights effectively and at low cost against competing claims from the state or from other individuals. This is difficult without physically identifying plots on the ground. Failure to delimit plots and publicly record ownership will make it more difficult for owners to transfer their land to others for longer periods and then join the non-agricultural labor force as they may fear not being able to claim it back. It will reduce communities' ability to attract outside investors who could use parts of land that are currently not needed in a way that could enhance local welfare both directly and indirectly. And, without public recording of ownership and the ability to transfer land, using it as collateral to develop financial systems is difficult. Beyond this, the regulatory framework for land governance will affect women's asset ownership, the level of corruption, local governments' ability to raise own revenue, land use in rural and urban areas, and the pace of urbanization and associated growth of non-farm employment opportunities.

All this suggests that restrictions on transferability of land, especially in the presence of capital market imperfections, can lead to a paradox of land scarcity existing side by side with un- or underutilized rural land. Transferring land to outside or local "investors" may appear at first sight as a sensible use of underutilized land but is unlikely to solve the problem if gaps in land governance will reduce effectiveness and increase the (reputational) risk associated with such transfers. As foreign investors have a choice, countries with abundant land but weak governance will thus struggle to identify responsible and technically capable investors. Improving land governance, on the other hand, could unleash investment by small or medium farmers which may anyway be a more realistic and sustainable path to intensification than the hope for large amounts of foreign agricultural investment.

While we cannot establish the link between land governance and agricultural performance causally, examples of land governance reform from Africa and elsewhere highlight not only that effective ways of dealing with the associated issues exist but also that improved land governance led to improved outcomes. To provide the basis for more rigorous assessment of impacts, we identify a number of indicators based on purely administrative data that should be readily generated by any land administration system in real time and that can be used not only to monitor changes but, by generating overlays with socio-economic data, also provide innovative avenues to identify broader impacts of improving land governance.

The paper is structured as follows. Section 'Conceptual framework' discusses the conceptual framework and the potential links between land governance and agricultural performance by drawing on the relevant literature and then using this to describe LGAF indicators and methodology. Section 'Evidence on land governance constraints in 10 African countries' presents substantive findings in terms of rankings for the 10 countries in our sample compared to global good practice. Section 'Going beyond a diagnostic review' argues that, to the extent that it is affected by the same land governance constraints, outside investment will not provide a shortcut to improve agricultural performance. It then uses case studies of improving land governance and their impact to argue that good land governance can help improve countries' agricultural productivity and uses this as the backdrop for sketching out administrative data that will pick up much finer changes at high level of spatial disaggregation, noting that this can help to assess more causal links. Section 'Conclusion and policy implications' concludes by outlining potential next steps.

Conceptual framework

This section reviews the literature to argue that good land governance is important to provide incentives for investment and efficiency-enhancing land transfers, to improve gender equity, and enhance equality of opportunity and that any effort to improve it will need to be cognizant of political economy, strengths and weaknesses of traditional systems, and the costs and benefits of any intervention. It introduces the LGAF indicator and framework and places Africa's land endowment and land tenure system in global context.

Links between land governance and economic performance

Historically, the need to provide investment incentives was a key factor in the emergence of land rights at the transition from the hunter–gatherer stage (Binswanger et al., 1995) with the prospect of being able to enjoy the fruits of their labor a key motivation for owners to invest in land and manage it sustainably (Besley, 1995). Secure property rights affect economic outcomes most immediately by reducing the risk of land loss, increasing investment incentives and reducing the need for individuals to spend resources on protecting their rights (Besley and Ghatak, 2010). Weak ownership rights, often for disadvantaged groups or outsiders, have been shown to lead to significant reductions in fallowing that then reduced yields (Deininger and Jin, 2006; Fenske, 2010, 2011; Goldstein and Udry, 2008). The recent food and fuel crisis highlighted the need for investment at all points in the value chain in ways allowing for synergies between small and large farms based on their comparative advantage (Deininger and Byerlee, 2012).

Economic development normally involves specialization and a move of part of the labor force out of the agricultural sector. This induces heterogeneity in the population and increases the scope for efficiency-enhancing land transactions (Deininger and Jin, 2005). Structural transformation, off-farm employment, and the scope to add value by linking to supply chains and global markets, all create opportunities to improve labor productivity in rural areas. Exploiting these will require well-functioning factor markets, including for land. It has long been noted that low-cost and flexible mechanisms to bring land to its most productive use can generate opportunities in the context of structural transformation of rural economies and increase welfare (de Janvry et al., 2001). In Kenya, land rental markets promote farm productivity and significantly raise the incomes of land-constrained farm households, though not by enough to move them out of poverty (Jin and Jayne, 2013), and an increasing body of literature supports the growing demand for land rental in Africa (Baland et al., 2007; Deininger et al., 2008a). Institutions that allow such at transactions at low cost and allay or remove fears by those who transfer use rights about not being able to reclaim their land can help to respond to this and allow labor move out of agriculture without foregoing the benefits (e.g. social safety net functions of land ownership). High transaction cost, caused by unclear rights or institutional inefficiencies, can reduce the incidence of such transactions, with potentially far-reaching impacts in the long-term (Libecap and Lueck, 2011).

Land ownership is a key determinant of bargaining power within households. Women's access to assets can affect girls' survival rates (Qian, 2008), their anthropometric condition (Duflo, 2003) and, for some groups, investment in (girls') schooling (Luke and Munshi, 2011). Yet, by allowing women to access land through male