



Land tenure security and investment: Does strength of land right really matter in rural Burkina Faso?

Yiriyibin Bambio^{a,*}, Salima Bouayad Agha^b

^a LAQAD-S/UFR-SEG, Université Ouaga II, 417 Ouagadougou 12, Burkina Faso

^b GAINS (TEPP) et CREST, Avenue Olivier Messiaen, 72085 le Mans Cedex 9, France



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ABSTRACT

The causal relationship between land tenure security and agricultural investment plays a crucial role in the process of rural development. Land property rights are key determinants for reducing poverty through agricultural productivity, natural resource management, and socio-economic inequalities. Growing competition for land access increases the sensitivity in land socio-economic stakes and related policies in developing countries. This paper analyzes the impacts of land rights on land-related investment in rural Burkina Faso. We use rural representative panel data and appropriate methods. The Two-Stage Conditional Maximum Likelihood approach is used for dealing with endogeneity, while the Generalized Structural Equation Model allows us to control for random effects. We show that stronger land rights increase land-attached investment, and land investment has positive and negative effect on stronger and weaker land rights, respectively, in rural Burkina Faso. Our study also finds that women and immigrants have less land rights than men and natives, respectively. Our contribution to related literature includes the use of rigorous process of hierarchy in land rights. The close link of the results with land right strength is of great interest for cautious practitioners in land tenure and investment. Moreover, our results imply that a gain of efficiency can be achieved from combining practices in land tenure and investment.

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1. Introduction

Land tenure security and its potential effects on agricultural investment are important concerns in development policies, with a central role of the state (Ali, Deininger, & Goldstein, 2014; Baland and BJORVATN, 2013; Field, 2007; Goldstein & Udry, 2008). Land tenure security is defined as “the certainty that a person's rights to land will be recognized by others and protected in cases of specific challenges” (FAO, 2002a¹). The tenure rules define the access and use conditions of resources, including rights to use, rights to control, and rights to transfer. Land property rights are key factors for improving living conditions of the poor through agricultural production, food security, economic growth, natural resource management, and socio-economic gender inequalities (Lawry, Samii, Hall, Leopold, Hornby, & Mtero, 2014). Land tenure security is usually considered as a precondition to land investment for fostering agricultural growth (Besley, 1995; Lawry et al., 2014). In addition,

common natural resources are more sustainable when managed by the community under clear and secure rights (Persha, Fischer, Chhatre, Agrawal, & Benson, 2010). These motives underscore the incentive to better secure land tenure in developing countries. In Africa, pressure on land contributes to weaken customary land tenure (Besley, 1995). In such context, it is usually argued that tenure security can be achieved through formalization of land rights, or recognition of customary tenure. These security actions may lead to different socio-economic effects, with likely higher gains from the former. Moreover, these approaches may be combined depending on the context, as considered in many countries in Sub-Saharan Africa (Ayamga and Dzanku, 2013). This strategic combination is specifically relevant in Burkina Faso, considering the predominance of informal customary land tenure, and the need for agricultural investment and land right formalization in this country (FAPDA,² 2014; Hesse, Anderson, Cotula, Skinner, & Camilla, 2013; Hughes, 2014; Linkow, 2013).

Land access is unsatisfactory in Burkina Faso, particularly for vulnerable socio-economic groups, such as women, immigrants,

* Corresponding author.

E-mail addresses: ybambio1@gmail.com (Y. Bambio), salima.bouayad-agma@univ-lemans.fr (S. Bouayad Agha).

¹ Food and Agriculture Organization.

² Food and Agriculture Policy Decision Analysis.

and young people (FAO, 1993; Hochet, 2014; IFAD,³ 2007; IFM, 2012; OECD,⁴ 2006; USAID,⁵ 2010). However, agriculture accounts for 92% of the total labor force (FAPDA, 2014). The agricultural total factor productivity growth is relatively low in Burkina Faso, compared to those in developing countries (USDA, 2014). Poverty reduction strategies depend crucially on growth in agriculture in Burkina Faso. Indeed, agriculture was considered as a priority sector in the Burkina Faso Strategy for Accelerated Growth and Sustainable Development 2011–2015 (SCADD) (IMF, 2012). The current country development strategy paper (PNDES⁶) anticipates an evolving and more competitive agriculture sector for the period 2016 to 2020 in Burkina Faso (GoBF,⁷ 2016). Improving agricultural productivity requires appropriate investment conditions, including land tenure security (GoBF, 2016; Lenhardt, Glennie, Intscher, Ali, & Morin, 2014). The land tenure process has been remarkably dynamic over the last fifteen years in rural Burkina Faso, despite the complexity of relations between land stakeholders (state, socio-economic communities, families, and households). Land tenure security improvement is an important intermediate objective in the SCADD and PNDES for developing the agricultural sector (IMF, 2012; GoBF, 2016). Moreover, key producer-oriented policy decisions were made in 2007 to 2012, to increase land access and tenure security in rural Burkina Faso. This process includes: promulgation of a national policy for rural land security in 2007 (PNSFMR⁸), adoption of a new legislation on Rural Land Tenure in 2009,⁹ and approval of the revised Land Reform (RAF¹⁰) in 2012 (GoBF, 2012, 2009, 2007). The new land legislation aims at strengthening land rights. Its strategy includes formalization of land rights and legal recognition of customary land rights. This legislation indicates that any untitled land is owned by the state. However, most of the rural land in Burkina Faso is untitled and under shifting community customary rules (Hochet, 2014; USAID, 2010). The traditional land borrowing process is moving to a money-based access and shorter-term loans to immigrants (Mathieu, Lavigne-Delville, Ouedraogo, Zongo, & Pare, 2003); although, 95% of private leases are informal (USAID, 2010).

The land market in West Africa is growing under land pressure and increasing economic value of land. However, this market is subject to high social uncertainties (Fenske, 2011). The land market is notable in urban and peri-urban areas, most often for speculative intention. Land-seekers in this market are typically wealthy urban elites, including businessmen, politicians, and civil servants, implying a risk of landholding concentration (Hesse et al., 2013; World Bank, 2008). In rural Burkina Faso, an emerged land market is developing, though most of the cash-related land transactions in this market are informal (USAID, 2010). These land tenure contexts and practices potentially affect land security and investment. For instance, legal and policy changes may facilitate ownership registration or reduce expropriation risk for better expected land security. In addition, formal institutional strengthening or land titling may increase perceived land security (Gignoux, Macours, & Wren-Lewis, 2013).

Recent analyses of land tenure impact on investment in Burkina Faso are scarce. Brasselle, Gaspart, and Platteau (2002) have not found any systematic impact of land tenure security on investment in Burkina Faso.¹¹ They argued that traditional land rights through village order may be sufficient in stimulating small-scale investment. This motive fits in related literature. However, the relation between land rights and investment may have changed in rural Burkina Faso. Indeed, contexts of land tenure, land pressure (immigration, mining, cotton production, and livestock), land degradation, and land legislation and policy have impressively evolved since 2002 in this area (Gray, 2002; Hochet, 2014; Linkow, 2013; Mathieu et al., 2003; Ouedraogo, 2006; USAID, 2010). Moreover, increasing competition for land access in rural Burkina Faso leads to growing enthusiasm and sensitive land socio-economic stakes in this zone (Hesse et al., 2013; Hochet, 2014; Hughes, 2014). These changes call for in-depth empirical investigations.¹²

The paper intends to contribute to the literature by analyzing the impact of land tenure security on household land investments in rural Burkina Faso and by considering the potential endogeneity of tenure security. We use a recent panel dataset and appropriate econometric methods to address issues of endogeneity and unobserved heterogeneity. In addition, we reinforce the process of hierarchy in land rights by taking into account the approval of enjoying land rights. We expect that a stronger land right increases land investment, while land investment enhances land rights. Moreover, women and immigrants are expected to have weaker land rights. The rest of the paper is organized as follows. Section 2 presents a short literature review of related works. Section 3 discusses model specification and the estimation methods used. Section 4 describes the dataset used for estimating the models and key descriptive statistics on land tenure security and investment in rural Burkina Faso. Model estimation results are presented and discussed in Section 5, and the last section summarizes the main findings and concludes the paper.

2. Literature review

The literature underscores that farm investment is important as a key driving factor of agricultural productivity and sustainability. Similarly, land tenure security can incite land investment through (i) a stronger claim to return on land investment (assurance effect), (ii) land trade from less efficient to more efficient land users (transferability effect), (iii) greater access to capital by using land as collateral in the credit access process (collateralizability effect), and (iv) more freedom to innovate (Besley, 1995; Brasselle et al., 2002; Fenske, 2011; Linkow, 2013; Ma, Heerink, van Ierland, van den Berg, & Shi, 2013; Twerefou, Ossey-Asibey, & Agyire-Tettey, 2011). Carter, Wiebe, and Blarel (1989) categorize the assurance and collateralization effects at the demand and supply sides, respectively. In addition, an increase in land security may marginally decrease incentives to invest if the owner hopes for beneficial expropriation (Banerjee and Ghatak, 2004; Besley and Ghatak, 2009). However, the main effect channel of land tenure security on investment would be the assurance effect because land market and credit under land warranty are very weak in West Africa (Fenske, 2011). Thus, we do not focus discussion on the transferability and collateralization effects.

³ The International Fund for Agricultural Development (IFAD) assessed land access satisfaction in 2007 in Burkina Faso at 2.76 on a 1 to 6 access increasing scale.

⁴ The Organization for Economic Cooperation and Development (OECD) estimates in 2006 women's score of gender discrimination in access to land at 0.8 on a range of 0 to 1, where 0 = no discrimination. In addition, only 8.4% of land holders are women (FAO, 1993).

⁵ United States Agency for International Development

⁶ Plan National de Développement Economique et Social 2016–2020.

⁷ Government of Burkina Faso.

⁸ The PNSFMR ("Politique Nationale de Sécurisation Foncière en Milieu Rural") is initiated by creating a committee for land security in rural areas in 2002 ("Comité national pour la sécurisation foncière en milieu rural").

⁹ Loi N° 034-2009/AN portant Régime Foncier Rural.

¹⁰ The RAF (Réorganisation Agraire et Foncière) was adopted in 1984 and amended in 1991 and 1996.

¹¹ These authors use data from the region of Bobo-Dioulasso in Burkina Faso and appropriate econometric approach in dealing with endogeneity issues. They have also made an appreciable effort in organizing land variables into hierarchy.

¹² Similar contrasted works are found in the literature. For instance, Carter, Wiebe, and Blarel (1991) do not find any significant effect of land titles on agricultural output and profits per hectare in Kenya. However, a later analysis from Place and Migot-Adholla (1998) leads to some relationship, though weak, between land titles and crop yields in the same country.

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