



Does Smallholder Land Titling Facilitate Agricultural Growth?: An Analysis of the Determinants and Effects of Smallholder Land Titling in Zambia

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Summary. — Zambia’s land policies privilege agricultural land alienation by wage earners over local smallholder farmers. As a result, land title holders are not statistically significantly different from non-title holders in terms of agricultural productivity, despite greater access to investment capital from wage earnings and higher levels of education. The effects of land titling on long- and medium-term land investments are also limited. These results are indicative of widespread speculative alienation of agricultural land by wage earners. Enabling more productive land users to acquire title requires policy change aimed at lowering the transaction costs and bureaucratic complexity of acquiring land title.

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1. INTRODUCTION

The relationship between agricultural growth and land tenure systems in Africa has long been a topic of analysis and debate. Proponents of land titling schemes argue that the underdevelopment of formal property rights on the continent, in particular the limited share of land administered through statutory title documents, hinders agricultural development by maintaining land as a “dead asset” (de Soto, 2000). This argument hinges on three potential economic advantages of title deeds relative to informal usufruct land rights: (1) Unlike usufruct land rights, a legal title to land can be used as collateral to improve access to credit for agricultural investments; (2) Land title can increase the security of tenure for farmers, which may make them more willing to make medium- to long-term investments in land, such as irrigation systems or soil improvements, and (3) Land titles may enable the formalization of the land markets, which helps to transfer land to more productive users (Feder, 1988).

Despite the strong theoretical arguments in favor of formal titling of land in Africa, in practice titling programs have often yielded sub-optimal results, particularly for poor or marginal households and communities (Deininger & Feder, 2009; Deininger & Binswanger, 1999). For example, land registration and titling programs are frequently plagued by information asymmetries between the rich and the poor, which creates opportunities for elite land acquisitions at the expense of usufruct rights holders (Government of Kenya, 2004; Jansen & Roquas, 1998; Leuprecht, 2004; World Bank, 2003). Asymmetrical knowledge leading to the elite land capture under land titling systems may also result in sub-optimal land use, as those acquiring land titles may be doing so speculatively, rather than for productive purposes (Benjaminsen & Sjaastad, 2002; Peters, 2004). Moreover, titling programs may undermine some of the important benefits that can be derived from customary tenure systems, such as communal resource management and community grazing rights (Meinzen-Dick & Mwangi, 2009), and its role as a social safety net

(Lavigne-Delville, 2002). Thus, by ignoring or failing to address local knowledge and power differentials, land titling programs can become instruments for entrenching wealth inequalities and undermining livelihood options for the poor and vulnerable.

Enabling land accumulation and alienation by an elite minority is not, of course, inconsistent with agricultural growth objectives of land titling programs. Yet, it does raise some concerns. First, if the outcome of a titling program is speculative rather than productive land acquisition by elites, then the agricultural growth effects of such programs will be muted. Second, if titling programs tend to exclude or displace economically marginal rural households, a process of smallholder “enclosure” may take root, which can forestall future prospects of utilizing agricultural as a means for poverty reduction (Woodhouse, 2003). These concerns complicate a straightforward assessment of the effects of titling programs.

When assessed in terms of their effect on agricultural growth and investment, the results of land titling programs in Africa have been mixed. While some studies have found that land titling is associated with an increased likelihood of farmers making long-term beneficial investments in land, such as tree planting and manuring, the magnitude of these effects is often small and highly localized (Deininger, Ali, Holden, & Zevenbergen, 2008; Gavian & Fafchamps, 1996; Otsuka & Place, 2001; Smith, 2004). Indeed, a large literature on land titling in Africa suggests that in many cases titling programs have had little or no impact on smallholder productivity, agricultural growth, or fixed investments in land (see Place, 2009 for a recent review of the literature. Also see Carter &

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Olinto, 2003; Deininger & Feder, 2009; Place & Migot-Adholla, 1998).

The mounting evidence that titling programs have failed to achieve the objectives of their proponents has led some to suggest that tenure security within customary land areas is not a binding constraint to agricultural productivity growth in Africa (Place & Hazell, 1993). Instead, access to technologies and under developed credit markets may be of more pressing concern. The failure of titling programs to achieve meaningful agricultural growth objectives has prompted the World Bank to significantly moderate its tone on formal titling since the formulation of its "Land Reform Policy Paper" in 1975 (Deininger & Binswanger, 1999).

Despite the apparent failure of many land titling programs in Africa to facilitate the sorts of radical transformations in the organization of smallholder production predicted by proponents, the conversion of customary land to leasehold title remains a central component of Zambia's land administration and agricultural development strategy. The capacity to transfer customary usufruct rights to land to statutory leasehold title, and to inhere in land a market value, is enshrined in the 1995 Land Act. The 1995 Land Act, coupled with previous efforts to promote smallholder titling schemes, such as various settlement schemes to be discussed below, has enabled a subsegment of the Zambian smallholder¹ population to acquire title to their land. According to nationally representative smallholder survey data, 8.4% of smallholder households have title to at least some portion of the land under their control, with roughly 9.8% of smallholder land administered under leasehold title. The number of farms with title deed is also expanding rapidly. According to the Zambian Ministry of Land's Land Information Management System Database the number of plots titled for agricultural purposes has increased by 183% since 1995.²

While the 1995 Land Act is not explicit on its objectives for the agricultural sector, the fact that the number of land titles designated for agricultural purposes is expanding rapidly raises important questions and concerns about the effects of land titling on the smallholder sector. These concerns are magnified by the persistently low yields on staple food crops among Zambian smallholder and high rate of rural poverty, which has been stuck at around 80% for more a decade.

A previous study (Smith, 2004) found that land titling programs in Zambia may yield beneficial results, in terms of fixed investments in land and the profitability of farm enterprises for smallholders operating in a handful of "settlement schemes" in Southern Province. The restricted geographical coverage of that study, however, limits the inferences that can be made about the effects of land titling more generally within the country. This article seeks to fill this gap by using nationally representative household-level data collected in 2012 from over 8,000 smallholder households to assess smallholder land titling.

This article explores three interrelated questions about the effects and determinants of smallholder land titling in Zambia: (1) Are there systematic differences in the attributes of smallholders with and without formal title?; (2) Are there statistically significant difference between smallholder with and without title in terms of the share of total income derived from agriculture, the level of commercialization, and cropping/livestock production intensity?; and (3) Are smallholders with title to their land more likely to make long-term fixed investment in their land, such as tree planting, installing erosion-control barriers, or developing water sources? By exploring these three interrelated questions this article will assess whether or not current systems for awarding land title to smallholders are

effective at enabling agricultural growth and poverty reduction.

The paper is organized as follows. Section 2 provides an historical analysis of the institutions and processes by which smallholders gain access to land titles. Section 3 describes the data sources and analytical methods. Section 4 presents the results of our analysis of the determinants and effects of smallholder land titling. Section 5 offers conclusions and recommendations.

2. INSTITUTIONS, POLICIES, AND PROCESSES OF LAND TITLE ACQUISITION

This section seeks to situate the analysis of smallholder land titling in the historical context of land administration in Zambia. Of particular importance is the role of the Zambian state, and the associated assemblage of land administration institutions, in shaping the processes of smallholder land titling. Deininger and Feder (2009) suggest that in order to unlock the agricultural growth benefits of land titling, states must play an active role in two critical areas. First, states must clearly define existing property rights. This requires ensuring that farmers with usufruct rights to land under customary tenure are not displaced by land titling systems, while at the same time protecting the rights and property boundaries of land title holders. State protection of property rights helps to lower the costs to individuals of defining and defending their property boundaries and provides them with the security to make the sorts of long-term investments in land needed to promote agricultural growth. At the same time, by recognizing the existing usufruct rights to land, some of the potential negative social consequences, such as elite capture of titling schemes, can be minimized. Second, state must produce and make available information about land ownership. Accurate records on land ownership help to lower the costs of land transactions, as well as increase the potential to collateralize and tax land. This, in turn, helps to make land markets more effective at identifying optimal land users and credit markets more effective at pricing the risk of agricultural loans.

As this suggests, the capacity of the state to create the sort of enabling environment in which land titles can be translated into agricultural growth requires that the institutions of land administration are unified in both their administrative procedures and purposes. Yet in Zambia, as in many other African countries, the institutions of land administration are far from unified. Indeed, land administration in Zambia is characterized by long-standing tensions between the institutions of the central government and those of the customary or traditional authorities, which date back to the early colonial period. Moreover, the institutions of traditional authority, which are charged with the administration of customary land, lack a consistent set of regulations and procedure. As such, chiefs and headmen can, in many respects, act with individual discretion over land titling, thus further complicating the coherence of Zambian land administration. We argue that to understand the agricultural growth implications of smallholder tenure status in Zambia close attention must be paid to land administration as a historically embedded process of institutional and legislative formation and interpretation. This process has shaped who, where, and in what ways land titles in Zambia are allocated, and thus deeply influences the relationship between land titling and agricultural growth.

The foundation of formalized land administration in Zambia can be traced back to the Northern Rhodesia Order in Council of 1928, which established two administrative

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