Rural Land Rental Markets: Discussant remarks

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Three papers

- Ricker-Gilbert and Chamberlin (Zambia and Malawi)
- Colin and Bignebat (Côte d'Ivoire)
- Holden & Otsuka (Africa)

Ricker-Gilbert and Chamberlin

1. Rental markets promote efficiency, equity, and welfare
   - If so, then why are the rental markets so sparsely used?
     - Zambia: 0.9 to 3.0% rent in / > 1% rent out
     - Malawi: 7.5 to 15% rent in / 4 to 9% rent out
2. Those renting out lose from doing so
   – in that case, why do they do it?

	Net crop income per ha (USD)	Net total household income (USD)
Malawi		
Land rented in (ha)	**172.1 (0.007)*** **	135.5 (0.125)
Land rented out (ha)	**-155.7 (0.005)*** **	**-194.4 (0.048)*** **
Zambia		
Land rented in (ha)	**52.17 (0.000)*** **	40.9 (0.621)
Land rented out (ha)	-13.7 (0.74)	155.7 (0.221)

Ricker-Gilbert and Chamberlin

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3. Those renting out lose from doing so – why do they do it?
4. Interestingly, tenants seem to be better off than landlords (asset wealth, more female-headed)

Colin and Bignebat

- Rich qualitative + quantitative survey data analysis
- Intra-household effects of renting out land
- Key finding: Contrary to common views, the decision of household heads to rent out land does not seem to disadvantage other members within the household
- Refutes the hypothesis that family dependents' access to family land is compromised by the participation of the head of the family in the land tenancy market.

- The qualitative analysis provides rich insight
- The econometric work offers only limited support
  - It only formally shows the factors influencing the probability that the head of hh will rent out land
  - Doesn’t indicate how the amount of land controlled by individual members is affected by the head’s decision to rent out land
  - What about
    - *Dep var*: hectares of land allocated to hh dependent *i*
    - RHS variable of interest: qty of land rented out by hh head

Holden and Otsuka

- Very rich set of issues
  - would be on my syllabus if I taught an African development course

HO – conclusion #1

- The inverse relationship (IR) between farm size and land productivity in SSA means that efficiency and equity can both be promoted by transferring land from large to small farms
  - **IR not conducted over relevant range of farm sizes in Africa**
  - **Technologies of farming are changing rapidly -- e.g., mechanization, which could affect IR**

HO conclusion #2

- More secure property rights and removal of restrictions on land markets have the potential to create both efficiency and equity benefits,
- But there are high risks of elite capture of large land areas with inefficient and inequitable outcomes.
  - **Almost all LSMS studies show land rented in > land rented out – and by large margins!**
  - **Consistent with urban-hh acquisitions of land**

From Deininger et al (2015), Table 2, based on LSMS-ISA data

	Ethiopia	Malawi	Niger	Nigeria	Tanzania	Uganda
Total area rented in	1,516,979	130,155	262,079	1,069,316	400,091	492,903
Total area rented out	206,339	5,092	80,486	15,404	197,619	27,824
Gini – ownership						
Gini - operated						

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Total area rented out	206,339	5,092	80,486	15,404	197,619	27,824
Gini – owned area	0.50	0.40	0.45	0.53	0.59	0.49
Gini – operated area	0.50	0.39	0.45	0.53	0.59	0.48

HO conclusion #3 and #4

- Increasing population pressure in densely populated rural areas contributes to more rapid rural–urban migration
- creating alternative livelihood opportunities for the migrating youth population is essential

Remaining mysteries

- We need better information on who the real landlords are –
  - The identities of the people accounting for majority of land rented out (LSMS surveys) is not even known!
- Can the benefits of rental markets compensate the effects of rapid change in farmland ownership patterns?