

Full Length Research Paper

Institutional arrangements help to get access to farmland: A case of Amigna district, Arsi zone, Ethiopia

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Land is an asset of enormous importance for billions of rural dwellers in the developing world. Increased land access for the poor can also bring direct benefits of poverty alleviation, not least by contributing directly to increased household food security. In countries where agriculture is a main economic activity (e.g. Ethiopia), access to land is a fundamental means whereby the poor can ensure household food supplies and generate income. Therefore, this study aimed to sketch-out institutional arrangements help to get access to farmland in Amigna district. The result revealed that land rental markets appeared to be the dominant institutional arrangement to get access to farmland next to Peasant Association allocated arrangement. This created breathing space for short-term land acquisition for landless and/or nearly landless farm households. Moreover, the dominant transactions took place among a neighbor followed by transfers between friends in the same peasant association, and a relatives in the same peasant association. Therefore, policy and development interventions should give emphasis to improvement of such institutional arrangements that create venue for land access and strengthening enforcing rules of formal land rental markets allowed in the proclamation so as to enhance well functioning dynamic land transaction in the district.

Keywords: Land access, institutions, land tenure, land-transactions, tenancies.

INTRODUCTION

Questions about land markets are central to development policy, as underlined recently in 2008 World Development Report. The policy immensely advocating liberal reform that attempted to fortify private markets (primarily via rentals) in a way that enhance efficiency and equity outcomes (World Bank, 2007). Over the past two decades, a wave of proposals for land tenure reform in many African countries has raised questions about land markets as a means of allocating land that have profound political and economic implications (Toulmin and Quan, 2000). However, until late twentieth century, it was a

perception of land as being relatively abundant due to low population densities in many parts of the continent that influenced policy makers' views to give little attention for land markets in development policy (Deninger and Feder, 2001).

Ethiopia is one of the largest countries in Africa both in terms of land area (1.1 million km²) and population (about 74 million). Ethiopian economy is based mainly on agriculture which provides employment for 85 percent of the labor force and accounts for a little over 50 percent of the GDP and about 90 percent of export revenue (CSA, 2007). Demeke (1999) and Belay and Manig (2004), noted that access to land is an important issue for the majority of Ethiopian people who in one way or the other, depend on agricultural production for their income and subsistence. Similarly,

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FAO (2002) pointed out that in areas where other income opportunities are limited (for example, rural non-farm employment creation), access to land determines not only household level of living and livelihood but also food security. The extent to which individuals and families are able to be food secured depends largely on the opportunities they have to increase their access to assets such as land.

However, as population grows the pressure on land is increasing and opportunities of getting land for allocation to newly emerging households are quite limited since then. As a result of increasing population of young farmers who are often landless, there will be unbalanced resource endowment (Bezabih *et al.*, 2005). In Ethiopia, the average land holding is only about one hectare per household and the population growth rate is creating increasing pressure on land and other natural resources (CSA, 2007). Nevertheless, it is also felt that in area where no frequent land redistribution, there is a skewed landholding pattern that might have resulted in landlessness (Bruce, 1994; Hussein, 2001). The cumulative effect of skewed landholding pattern, heterogeneity in resource endowment and uncertainties and limitations in credit and other markets leads to the emergence of informal land transactions and the opportunities to trade and exchange factor endowments (Teklu, 2004; Freeman *et al.*, 1996).

In Ethiopia, land has been owned by the state since 1975. Following the 1975 land reform proclamation, the Derge regime (1975-1991) prohibited both fixed cash rental and sharecropping tenancy relations. The current government lifted these restrictions (however, the duration and area of land supplied to the markets are limited) and at present there are different institutional arrangements in place that help to get access to farmland (Belay, 2004; Yared, 1995).

The objective of the study was:

- To explore institutional arrangements that facilitate access to farmland

Framework of Analysis

This study was framed in the lenses of Institutional Analysis and Development (IAD) framework developed by Ostrom *et al.* (1994). The framework consists of three major components such as initial conditions, action arenas and outcomes. The initial conditions, in this study context, refer to a set of issues where explanatory variables are emanating from. Action arena is influence by a number of exogenous variables, broadly categorised to be physical/material conditions, attributes of the community/household, and rules that create incentives and constraints for certain actions (Ostrom *et al.*, 1994).

Based on Ostrom *et al.* (1994) components of initial condition are explained as follows;

Physical/material conditions: Includes livestock ownership, landholding and financial endowment that the household possess, mobilize, use and exchange with others. It also refers to the physical infrastructural development in the district that has an influence on the renting behaviour of the households.

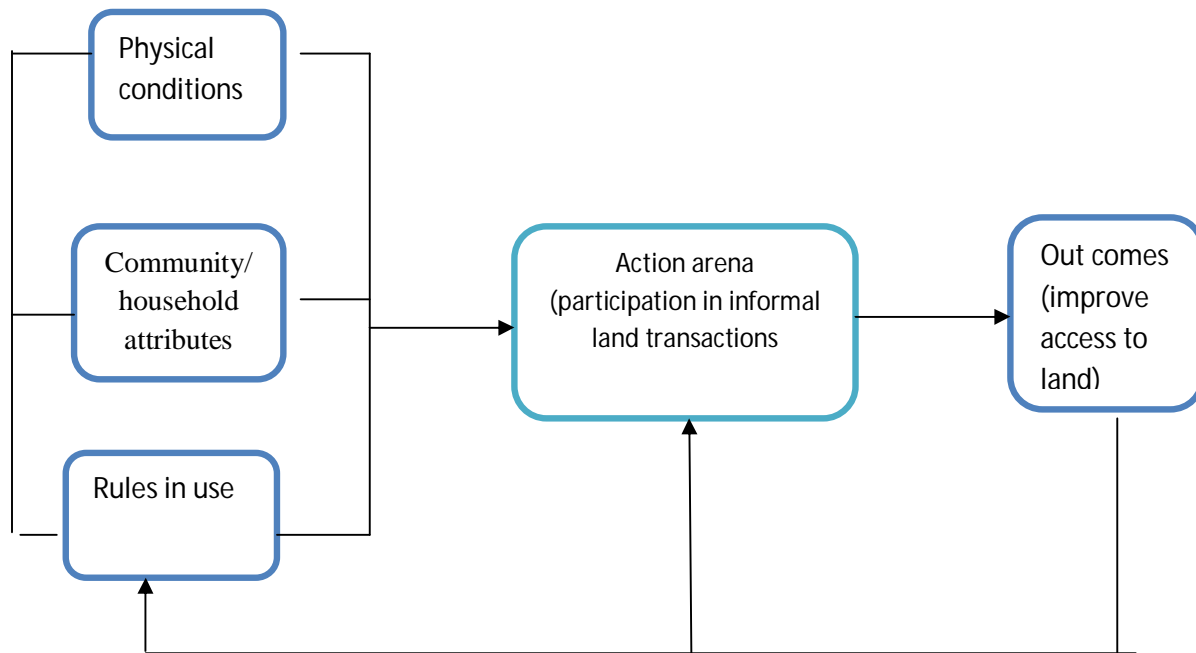
Community (household) attributes: The community/household broadly involved in the situation is another important variable. Several attributes of the community/household may influence the outcome of an action situation. These include demographic attributes such as education level, size of the household/community and employment level.

Rules –in-use (formal and informal rules or norms): Each action is influenced by sets of rules-in -use. These are the rules actually used by the people to guide or govern their behaviour in repetitive activities (Ostrom, 1992). Ostrom (1992) also noted that changing the working rules of an activity could result in changes to the outcome of the activity. In context studied, it refers to any rules or norms in place that help to increases access to land.

As configured in Figure 1, the framework consider the effects of all components in the initial condition on the action arena in which participation in informal land transactions are viewed as dependent variable. Therefore, assessing major reasons and degree of influences of those variables of the initial conditions in the action arena is the central theme of this empirical analysis. In the action arena, the decisions of household to participate in informal land transactions is influenced by imperfection in credit market, heterogeneity in the distribution of initial wealth and specific human capital, rationing of off-farm labour opportunities which are constituted in the initial conditions (Skoufias, 1995; Sadoulet *et al.*, 2001).

Rural areas are commonly affected by credit rationing. Asymmetric information together with dispersed location of potential clients as well as poor rural infrastructure make it very inconvenient for lending institutions to provide their services. As a result farmers are left solely with their own capital, most often insufficient to cover all necessary investments connected with cultivation. Accordingly, farmers limited by financial constraints, notwithstanding their managerial abilities and other endowment in their possessions, can not engage in land market transaction (Sadoulet *et al.*, 2001).

Figure 1: The Institutional Analysis and Development Framework



Source: Based on Ostrom *et al.* (1994), modified.

To examine determinants of household participation in land rental markets, the range and diversity of assets at one’s own disposal need to be a point of concern. Thus, the decision of household to participate in these markets is influenced by skewed landholding pattern, imbalance livestock ownership and in-proportional labour force of the household (Skoufias, 1995). Land transactions can play an important role for several reasons. First, it provides land access to those who are productive but own little or no land. Second they allow the exchange of land as the off-farm economy develops. Third, they facilitate the use of land as collateral to access credit markets (Deininger *et al.*, 2004). To benefit from these outcomes of land rental markets, the existing rules or norms must ensure security of property rights. This is a prerequisite that determine willingness of individuals to enter the action arena (Deininger *et al.*, 2004).

However, in conditions where poor infrastructure development, lack of well enforced property rights and poor institutional developments (credit market imperfection that deny smallholders insurance against shocks such as bad harvest or accident), land markets leads to distress sale (Belay, 2004; Deininger *et al.*, 2004; Teklu, 2004). This is a negative consequence where individuals come across after evaluating the

outcomes of action arena. As indicated in Figure 1, the result of evaluation of the outcomes will have an implicit or explicit implication on both action arena and initial condition.

METHODOLOGY

The study site

To gain insight into institutional arrangements that help to get farmland of smallholder farmers in Arsi zone of Ethiopia, we used data collected from Amigna district. This paper is based on evidence from four peasant associations in Amigna district in Arsi zone, which are characterized by informal land transactions that are predominant. It is located between 7°45' - 8°07' N latitude and 39°40' - 40 ° 38' E longitudes. The total geographical area of the district is about 134,372 hactares with 21% Weyna-dega and 79% Kola and consists of 18 rural PAs and one urban PA (Addele) (ABOARD, 2009). It is located at about 260km and 134km far from Addis Ababa and Assela respectively along the main road to the south-eastern direction of Ethiopia. The altitude of the area ranges between 560 meters at the lowest to 2100 meters at the highest above sea level. The mean annual rainfall of the district ranges between 900mm and 1200mm with a mean temperature of 20 - 25°C. CSA (2007) indicated that the total population of Amigna district was 73224. Referring land use pattern of the district, cultivated land constituted 23.62% of the total area in the district.

On the other hand about 19% of the district is covered with forest. Moreover substantial part of the land in the district (6.86%) comes under non-agricultural use (ABOARD, 2009).

Sampling and data collection

The research design was based on a two-stage sampling procedure. In the first stage, among the 19 peasant associations found in the district, four PAs with similar agricultural production systems and fairly similar access to major road and urban centers were selected purposively based on information from Amigna Bureau of Agriculture and Rural Development and others institutions found in district offices. In the second stage, a total of 118 sample households were selected randomly using probability proportional to sample size technique (Table 1). Due to the nature of this study, quantitative data took a larger share of information required. However, to have detail information useful to draw the right conclusion from the survey work, qualitative information was also gathered from selected respondent farmers, development agents, and community leaders. Collection of primary qualitative information was managed through holding discussion with focused group and individual farmers to understand the source of access to farmland.

Data analysis

An in-depth qualitative analysis of selected cases was performed by looking in to the specific factors that drives farmers in to informal land transactions. A descriptive analysis was employed to analyze qualitative and quantitative data. The descriptive analysis such as frequency tables were used to determine institutional arrangements help to get access to farmland in the study area.

RESULTS AND DISCUSSION

Emerging institutional arrangements to get access to farmland in the study area

Land transactions have long provided a mechanism for providing access¹ to land for those who seek it and thereby for enhancing land utilization. There were three notable institutional arrangements to get access to farmland in the district such as administrative-based (PA allocated land and inherited land), re-emerging informal market² based, and informal non-market based arrangements. The majority of farm households had land through administrative based allocation (PA-land). Hence, it was the dominant institutional arrangement

¹ Access to land refers to “the ability to use land” and “other natural resources, to control the resources and to transfer the rights to the land and take advantage of other opportunities. (IFAD, 2008: cited in Yigremew, 1997).

² Informal land transactions cover market-mediated (rental contracts such as crop-sharing and cash rental) and non-market mediated transfers (for example, borrowing or gifts).

receiving largest share (78.1%) of total land cultivated of sample respondents (Figure 2). Land rental transaction was widely practiced in the district agriculture. Rented-in market was the preferred contract in the district with an average of 8.857% of total cultivated area (Figure 2).

The surface reading of the survey result also revealed that for farmers with no access or less access to rental markets and PA allocated land; there were also informal arrangements akin to the customary based systems in the district (e.g., inheritance, and borrowing). Inheritance was the second major means of acquiring land in the district as indicated by about 9% of cultivated land of sample respondents (Figure 2).

There were other venues for land acquisition (0.72%) that are particularly important for the growing ‘landless’ farmers who often seek land through the informal markets but constrained by lack of cash and equity capital such as oxen. They borrowed³ land from their parents and close relatives. The foregoing discussion also revealed the institution of marriage acts occasionally as a non-market device (borrowing) for getting access to land and pool labor, especially between land holder female-heads and landless male labor. The remaining 0.18% of land was acquired through informal mortgaging.

Overview of land rental market activity in the study area

From the 88 household interviewed, 35 households are involved in adjusting their operated farm size by renting-in land (20 non-PA land allocated households and 15 PA land allocated households) (Table 2). This is due to the fact that they owned⁴ little land in general; they need to rent land to increase their farm operations. The survey data indicated that this happens mostly through renting-in land. On the other hand, Table 2 shows that from 83 households interviewed, about 36% are involved in renting-out (all are PA land allocated households) their plots of farmland. In general, the size of land rental market is high both in terms of the number of market participants and size of land supplied to the market.

³ Borrowing is a temporary arrangement (often for one production season) of receiving the right to cultivate land. This arrangement is often made between people who are related through kinship (Teklu, 2003).

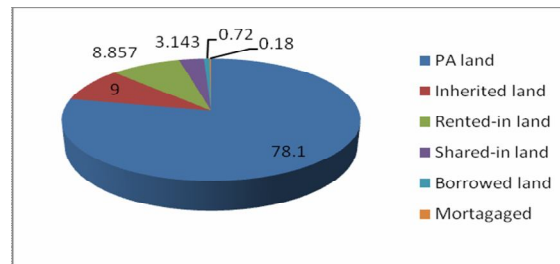
⁴ In the Ethiopian context, households do not formally “own” land, since the 1995 Constitution proclaims all land to be the property of the people. However, land allocated by the Peasant Association has many characteristics of usufruct ownership, though land may not be sold or mortgaged and future redistributions have not been ruled out in the region under study

Table 1: Number of households and sample size by Peasant Association

Peasant Associations	Total number of households	Sampled households
Bammo	621	34
Gubbissa	449	25
Medewelabu	667	36
Dimma	412	23
Grand total	2149	118

Source: Own Survey, 2009.

Figure 2: Share of different mode of acquisition of total cultivated farmland



Source: Own Survey, 2009.

Table 2: Frequency distribution of sample households by land rental markets

Household type	Frequency	Percentage (%)	PA allocated	Non-PA allocated
Not renting-in	53	60.2	53	0
Land renting-in	35	39.8	15	20
Total	88	100.0	68	20
Not renting-out	53	63.9	53	0
Land renting-out	30	36.1	30	0
Total	83	100.0	83	0

Source: Own Survey, 2009.

Reasons for involvement in land renting-in and renting-out markets

Of the 35 respondents who reported to have rented-in land, nearly 94% indicated that their principal reason for renting-in land is the small size of their land holding. In this regard, the survey result revealed that the renter households had an average landholding of 1.25 hectares. The respective figure for the non-renter sample households is 1.77 hectares. Other reasons cited by the respondents for renting-in land include, availability of extra oxen, availability of extra cash, availability of extra labor, to assist land right holders who could not cultivate their land because of old age, poor health, and lack of

working capital. The remaining 6.1% failed to specify the reasons for renting-in land (Table 3).

Table 4 presents that the survey respondents identified lack of oxen as the main reason for renting-out their plot(s) of land (about 30 percent of the responses), followed by shortage of seed (about 28 percent of the responses). The survey result revealed also that land is rented-out by some farmers who had no sufficient labor, lack of working capital, and who were disabled.

Land access and relationship between actors

This was the role of the concrete market setting, the

Table 3: Percentage distribution of respondents by reasons for transfer-in land.

Reasons for land rent-in	Responses	% of responses(N=76)	% of cases(N=35)
Shortage of own land	31	40.8	93.9
Availability of extra cash	16	21.1	48.5
Availability of extra oxen	23	30.3	69.7
Availability of extra labor	3	3.9	9.1
To assist land right holder	1	1.3	3.0
Other not specified	2	2.6	6.1
Total	76	100	230.3

Percentages of cases do not add up to 100 because of multiple responses.
Source: Own Survey, 2009.

Table 4: Percentage distribution of respondents by reasons for transfer-out land.

Reasons for land rent-out	Responses	% of responses(N=83)	% of cases(N=30)
Shortage of seed	23	27.7	76.7
Lack of extra cash	20	24.1	66.7
Lack of extra oxen	25	30.1	83.3
shortage of extra labor	8	9.6	26.7
Disability	4	4.8	13.3
Other not specified	3	3.6	10.0
Total	83	100	276.7

Percentages of cases do not add up to 100 because of multiple responses.
Source: Own Survey, 2009.

constellation of actors, the community in which the market is located and the multilateral relationships between actors. Some of the indications were trust an identity between actors, but the topic had received very little systematic analysis. One interesting outcome of this survey was that land rental transaction was made among people who know each other very well. More precisely, the dominant transaction took place among a neighbour which accounts 48.6% followed by transfers between friends in the same peasant association (17.1%) and a relative in the same peasant association (14.3%). The forgoing discussion with key informants revealed that such transfers were informal and there were no formal rules and regulations to enforce land transfers to reduce high risk that may arise from these transactions. The land policy of the region declared formal operation of land rental markets; however, sample households lacked awareness of the policy reform. As a result, farmers preferred their neighbors, friends, and relatives. With respect to the location of the rented-in land, the great majority of the respondents (88.6%) reported that land they rented-in is located within their peasant association. However, the fact that 11.4% of the sample respondents rented land from other villages showed that rental transaction was not completely confined to the boundaries of the village (Table 5).

As per with whom land rent-out was effected, most transfers arrangements in which the parties concerned were limited to close kin because of mutual trust among them. 43.3%, 36.7% and 6.7% of households who rented-out their land were exchanged among neighbors, relatives or in-laws, and friends respectively (Table 6). This was possibly because of the ease at which arrangements were made (not written, often without witness), their flexible nature and limited view of land tenure security.

Conclusion

The political and financial difficulties with land redistribution have led to renewed interest in finding other ways to make land accessible to poor farmers. Land transactions, whether through sales and share tenancies, loans or gifts have long provided a mechanism for providing access to land those who seek it and thereby for enhancing land utilization. The study first described institutional arrangements that help to get access to farmland as well as tend to understand with whom land transactions are effected. It examined how the interaction of a great number of factors can drive farmers in informal land transactions. It develops insights about particular

Table 5: With whom land renting-in was effected

Land transfer from	Cases	Percentage (%)
A neighbor in the same PA	17	48.6
A relative in the same PA	5	14.3
A friend in the same PA	6	17.1
A relative outside the PA	4	11.4
Other person in the PA	3	8.6
Total	35	100

Source: Own Survey, 2009.

Table 6: With whom land renting-out was effected

Land transfer from	Cases	Percent
A neighbor in the same PA	13	43.3
A relative in the same PA	11	36.7
A friend in the same PA	2	6.7
neighbor and a relative in the same PA	4	13.3
Total	30	100

Source: Own Survey, 2009.

drivers that drive households to participate in informal land transactions which are key to access to farmland.

The study revealed, notwithstanding state ownership and control, there are multiple modes of acquiring arable land with different bundles of rights governing access, use and transfer. The rural communities are moving towards market oriented multiple and flexible tenure arrangements. However, the rights in these informally arranged rights systems may have social legitimacy and sanction, but juridical uncertainty prevails because the statutory law of the country prohibits market transactions. Although some regions are relaxing legal constraints, land marketing remains illegal in the constitution, which is the supreme law of the country. For farmers with no access to official channel or rental markets, particularly those with little farm experience, skills and cash, land access through kinship and social networks, including the transmission of land rights through inheritance and within families are in place in the district.

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