

# Africa's Changing Farmland Ownership: Causes and Consequences

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# Introduction

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- Sub-Saharan Africa is experiencing major changes in farm land ownership and use
- Both cause and consequence of the economic transformations that the region is now experiencing
- The rapid rise of emergent investor farms in the 5 to 100 hectare category represents a revolutionary change in Africa's farm structure since 2000
- Rise of investor farmers is affecting the region in diverse ways that are difficult to generalize

# Standard version of the structural transformation model- Asia

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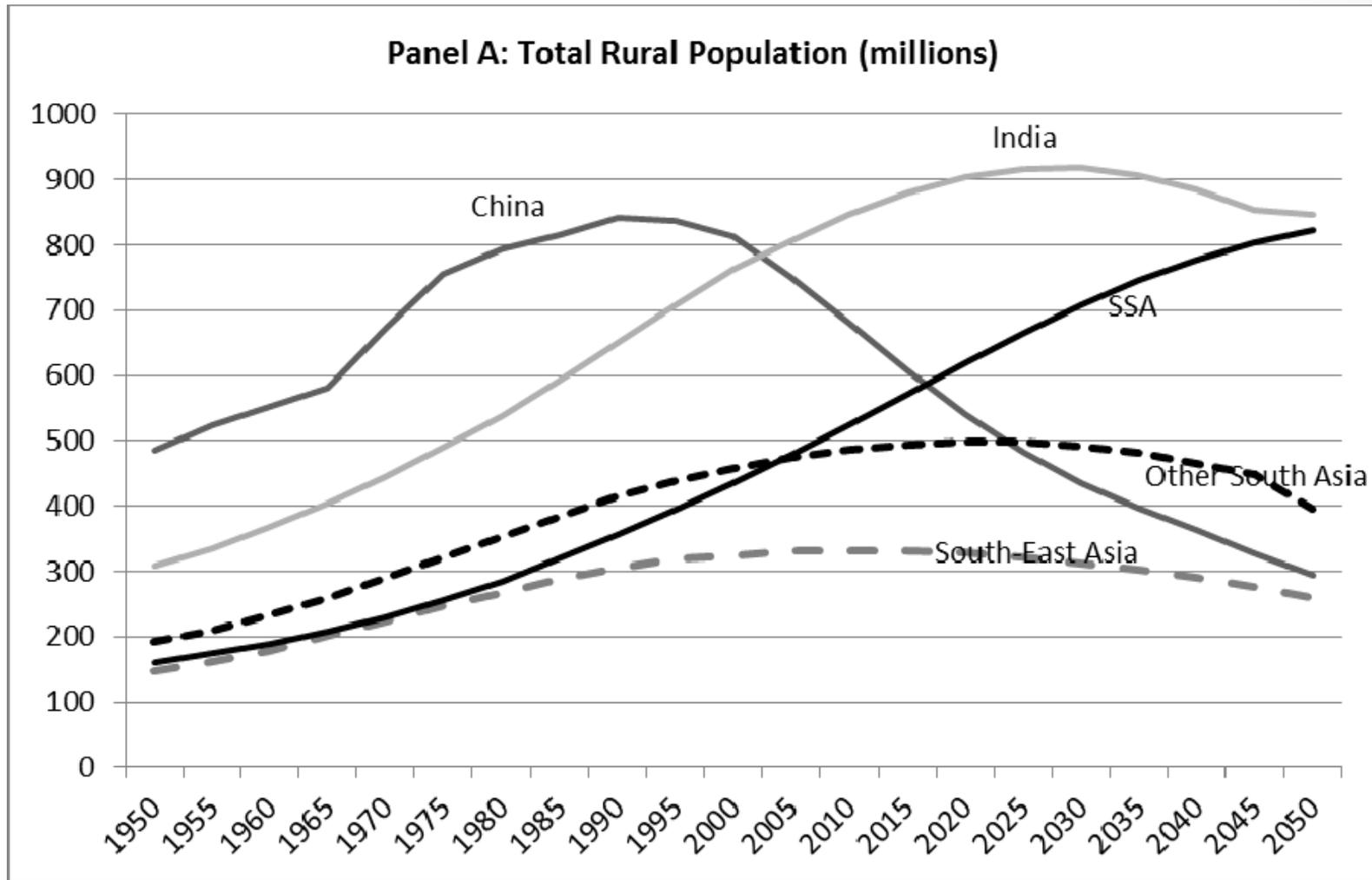
- Agricultural productivity growth with farming as primary source of employment
  - Leaders -- small-scale but productive farmers with sufficient land to produce a surplus
  - Money from surplus production stimulate demand for goods, services and jobs
  - Rural-urban migration, urbanization, and a slow/negative population growth
  - Land consolidation
  - Share of agriculture in the GDP declines

## Standard structural transformation model may be a poor fit for some parts of Africa

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- Rising rural population densities across sub-Saharan Africa
- One-way directional flow of employment from farm to off-farm sectors of the economy may not generally apply in Africa
- Rapid changes in farm structure associated with the expansion in recent years of “emergent” farmers

## I. Rising rural population densities across sub-Saharan Africa



Source: United Nations, 2014

## 2. One-way directional flow of employment from farm to off-farm sectors of the economy may not generally apply in Africa

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- Urban-based group engaged primarily in non-farm employment may have incentives to invest in land and farming
- Relative advantageous position to do so after having overcome constraints related to:
  - Access to capital; management expertise; social entr e; ability to navigate complex traditional and/or statutory land institutions
- Farm structure may be changing rapidly as a result

### 3. Rapid changes in farm structure associated with the expansion in recent years of “emergent” farmers

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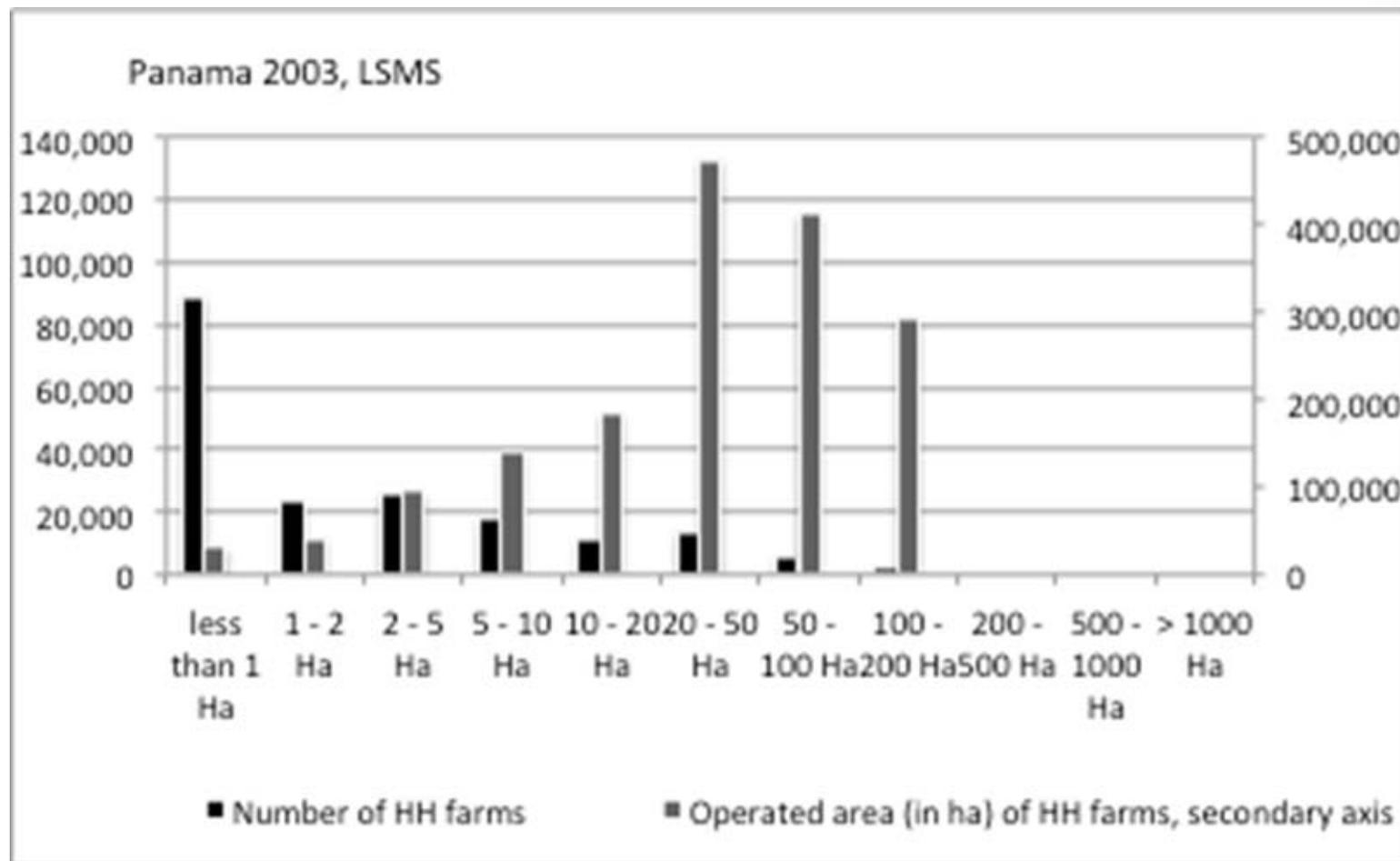
- Urban-based – not necessarily rural-based
- Financed farmland acquisition through non-farm jobs, not through successful growth from small-scale farming
- Not full time farming – in fact, many hire managers and don’t spend much time on their farms

# Available national datasets are unsuitable to understand changes in farm structure

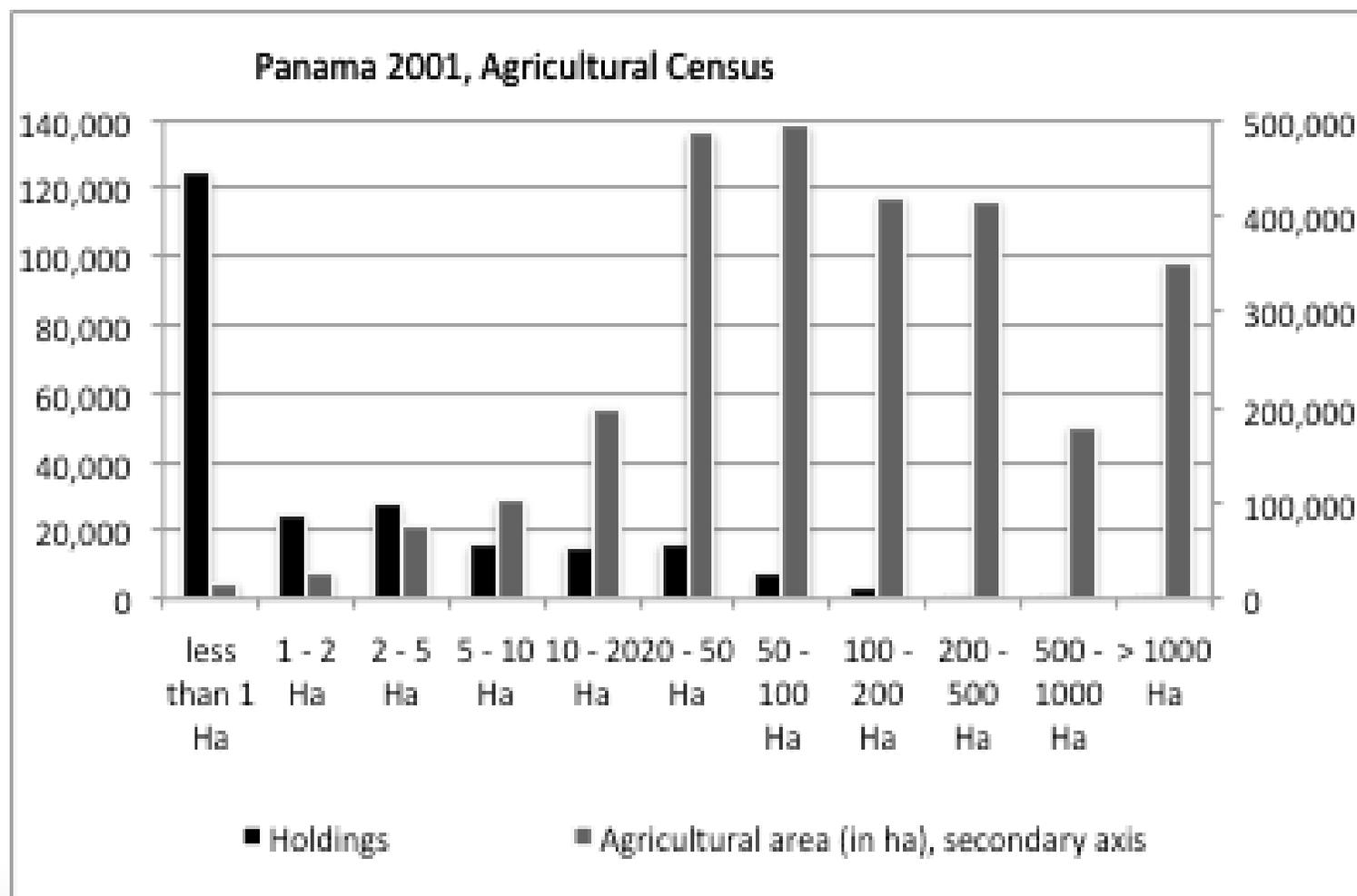
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1. Sample proportional to population and tend to systematically under-sample large farms
2. Often exclude non-smallholder farming sectors by default or design
3. Tend not to prompt urban households about farmland they may cultivate or own away from their main urban residences
4. Truncate landholding data

Figure 1: Farmland distribution in Panama – LSMS  
Lowder et al (2015)



# Farmland distribution in Panama – Ag. Census Lowder et al (2015)



## Data sources to characterize recent changes in farm structure

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- Cautiously utilizes data generated from LSMS surveys, augmented by the following data sets:
  - Integrated Public Use Micro-level Surveys (IPUMS)
  - DHS data on the household farmland ownership
  - The Large-scale Crop Forecast Surveys in Zambia
  - Recent surveys on medium-scale (“emergent”) farmers in Ghana, Malawi, Zambia, and Kenya

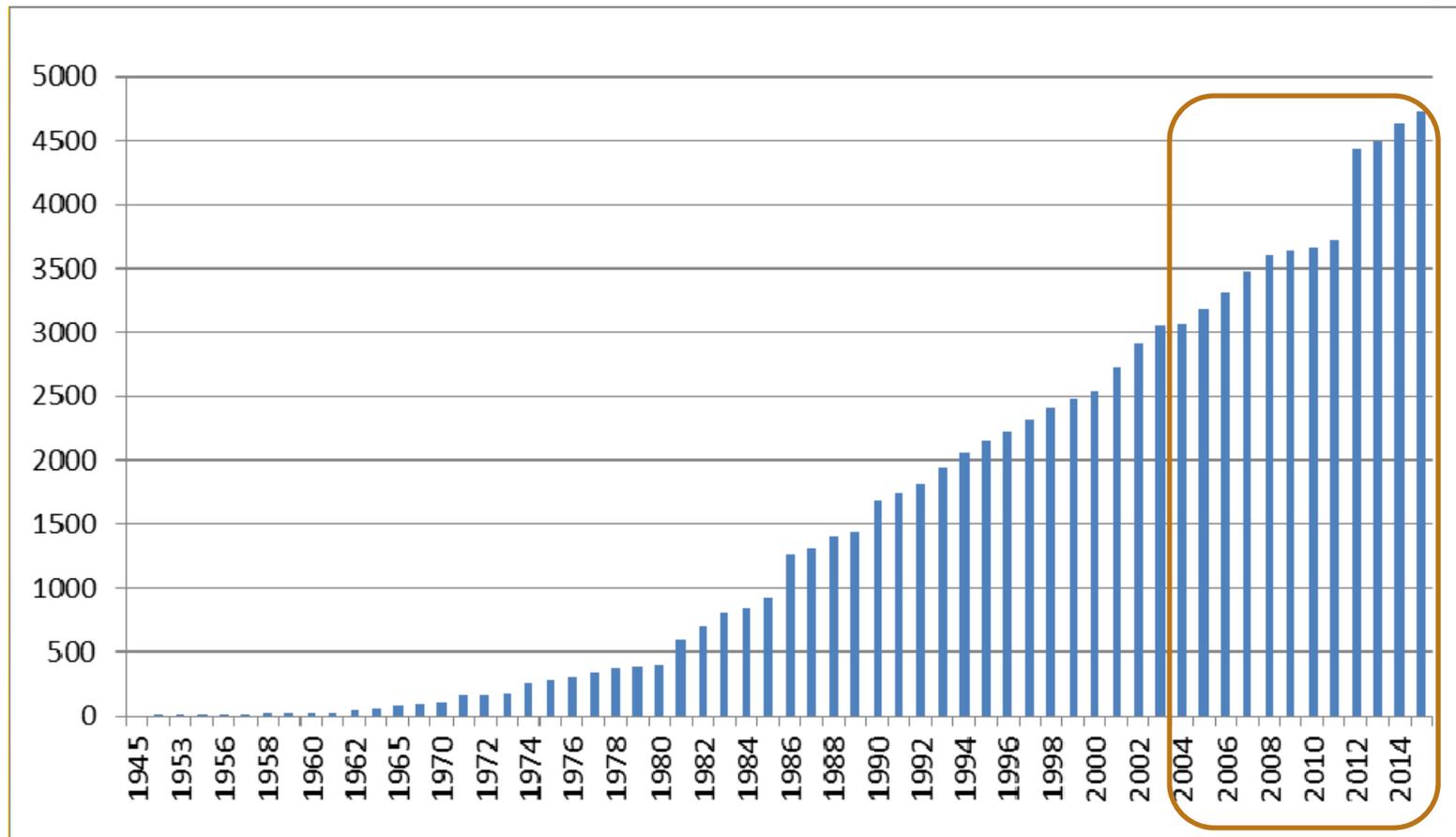
## Table 1A: Changes in farmland ownership and structure

Ghana	Number of farms		% growth in number of farms	% of total cultivated area	
	1992	2005		1992	2005
0-2 ha	1,458,540	1,725,024	18.3	25.1	12.5
2-5 ha	578,890	957,722	65.4	35.6	24.1
5-10 ha	116,800	256,620	119.7	17.2	14.6
10-20 ha	38,690	110,076	184.5	11.0	12.0
20-100 ha	18,980	46,143	143.1	11.1	11.7
>100 ha	--	6,958	388.6*	--	25.0
Total	2,211,900	3,102,543		100.0	100.0

## Table 1B: Changes in farmland ownership and structure

Zambia	Number of farms		% growth in number of farms	% of total cultivated area	
	2001	2012		2001	2012
0 – 2 ha	638,118	748,771	17.3	34.1	16.2
2 – 5 ha	159,039	418,544	163.2	45.0	31.7
5 – 10 ha	20,832	165,129	692.6	14.3	25.0
10 – 20 ha	2,352	53,454	2272.7	6.6	15.0
20 – 100 ha	--	13,839	53.3**	--	12.0
Total	820,341	1,399,737	70.6	100.0	100.0

Figure 4: Cumulative land acquisitions by medium-scale holdings among sampled farms in Mchinji, Kasungu and Lilongwe Districts, Malawi (ha/year)



## Table 2: Characteristics of medium scale farmers

	Mode of entry into medium-scale farming status			
	----- Zambia -----		----- Kenya -----	
	Growth from small-scale farming (=118)	Acquisition of land from non-farm employment (n=164)	Growth from small-scale farming (n=120)	Acquisition of land from non-farm employment (=180)
% of cases	42	58	40	60
% men	92.9	91.4	82.5	80.0
Year of birth	1966	1960	1945	1947
Years of education of head	8.2	11.0	7.5	12.7
Have held a job other than as a farmer (%)	32.9	100.0	17.5	83.3
Formerly or currently employed by the public sector (%)	5.8	59.6	12.5	56.7
Initial landholding size when started farming (ha)	28.8	106.6	14.0	22.6
Current landholding size (ha)	38.2	74.9	32.7	50.1
% of land currently under cultivation	46.9	24.7	54.1	46.6
Decade when land was acquired				
1969 or earlier	3.9	1.1	29	6
1970-79	6.7	5.1	24	18
1980-89	14.8	7.4	20	20
1990-99	32.2	23.8	18	32
2000 or later	42.0	63.4	9	25

## Table 3: Rise in farming by urban-based households

	Ghana	Zambia*		Malawi*		Rwanda	Tanzania		Kenya
	2008	2007	2013/14	2004	2010	2010	2004/05	2010	2009
sample size, unit of observation=household (HH)	11,777	7,164	15,920	13,664	24,825	12,540	9,735	9,623	9,057
% of urban HHs owning agricultural land	23.4	27.4	24.8	31.4	38.6	48.6	41.7	37.9	35.3
% of rural HHs owning agricultural land	66.7	88.3	88.1	86.6	87.4	86.8	92.3	87.4	78.1
% of HHs (nationally) owning land	46.0	67.2	61.7	77.4	79.3	81.5	79.0	74.5	67.0
% of national landholdings held by urban HHs	26.8	16.8	22.0	11.2	18.3	10.9	11.8	32.7	22.0
<b>Distribution of land size (ha) among urban households</b>									
25th percentile	0.5	1.0	0.8	1	1	0.2	0.4	0.4	1.0
50th percentile	1.6	1.0	1.5	2	3	0.5	0.8	0.8	2.0
75th percentile	3.2	3.0	4.0	2	5	1	1.6	1.6	4.0
90th percentile	7.2	10.0	10.0	4	10	2	2.8	3.2	9.0
95th percentile	12.0	18.0	20.0	5	12	4	4	4.2	13.4
99th percentile**	38.0	76.0	95	13	30	10.1	9.2	20.8	40.0

\*\* For Zambia Malawi and Kenya, landholdings over 95 hectares were reclassified as 95 hectares in the IPUMS data.

\*\* For Ghana, landholdings over 38 hectares (95 acres) were represented in the IPUMS data as 38 hectares. These caps on reported landholding size may result in under-estimates of the land controlled by urban households

**Source: Demographic and Health Surveys**

# Causes of the rise of domestic investor farms

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1. Rise in global food prices since 2005
  - Farming is profitable
2. Input and output policies-
  - ISPs and price support programs
3. Relative profitability of medium scale farming
  - Relative efficiency of medium scale farming
4. Shift land policies in some countries favoring commercialized agriculture
5. Post-structural adjustment multi-party democratic process in many countries

# The consequences of changes in farmland distribution

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- Concentration of arable land resources may have profound consequences for both the pace and the nature of growth within rural economies
  - Relatively egalitarian land distribution patterns have tended to generate more broadly based growth
  - Multiplier effects may be much weaker when the source of agricultural growth is concentrated
  - Bi-model vs. unimodal patterns (Johnston, Mellor, Lipton)

## Domestic “land grabs” may not translate into investments in farm production

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- Emergent investors have limited liquidity and make investments in a **phased-in manner**, starting with land
- Expected returns to land market **speculation** may in some cases be higher than for agricultural activities
- Part of the speculative calculus depends upon **future state investments** – e.g. electricity, paved roads, etc.
- May be least motivated to rent out the land due to **tenure insecurity**

## Other consequences of the rise of medium-scale investor farms

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1. Land sales markets and the alienation of land from customary tenure systems are improving relatively wealthy investors' access to land
2. Displacement of smallholders particularly in densely populated areas
3. Increased concentration of the marketed surplus for some food crops

# Conclusions

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- Recent indications of rapid changes in farm structure associated with the expansion in recent years of “emergent” farmers
- Emergent farm growth leading to large minority of farmland being held by urban-based investor farmers
- The data for documenting this using official data is woefully inadequate -- systematic under-reporting of farms between 20-100 hectares
- Therefore, African governments have only a hazy understanding of how rapidly their farm structure and farmland ownership patterns are changing
- The impact of changing farm structure on the viability of agricultural development plans is largely unknown