

# Addressing Unequal Economic Opportunities

## *A case study of land tenure in Ghana*

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INSTITUTIONS EVOLVE. As they do, their impact on the distribution of economic opportunity changes. One of the primary ways in which institutions matter for economic opportunities is their role in defining property rights. These property rights, in turn, determine incentives for investment. Weak

rights lower the certainty of reaping the returns. If property rights are not the same for all, the distribution of returns will be skewed to those who have the power to enforce their rights.

We examine this relationship in the context of agriculture in Ghana's Eastern Region. Our work traces the connection from a set of complex and explicitly negotiable property rights over land to agricultural investment and, in turn, to agricultural productivity. Using survey and focus group data, we find that



while the land tenure institutions may have some benefits, they result in drastically lower productivity for those not connected to the political hierarchy (which includes most women).

## Land transactions and land rights

IN MUCH OF AFRICA, explicit land transactions—sales, cash rentals, sharecropping—have become more common over recent decades. However, the consensus of the literature is that "the commercialisation of land transactions has not led to the consolidation of land rights into forms of exclusive individual or corporate control comparable to Western notions of private property" (Berry 1993, 104). Instead, land "is subject to multiple, overlapping claims and ongoing debate over these claims' legitimacy and their implications for land use and the distribution of revenue" (Berry, 2001, xxi). Individuals' investments in a particular plot might in turn influence their claims over that piece of land in complex patterns: "individually rewarded land rights are further strengthened if land converters make long-term or permanent improvements in the land, such as tree planting. Land rights, however, tend to become weaker if land is put into fallow over extended periods." (Quisumbing et al., 2001, 55).

In an environment where fertilizer is expensive, land is relatively abundant and crop returns sufficiently low, fallowing is a primary mechanism by which farmers increase their yields. A significant portion of the agricultural land in West Africa is farmed under shifting cultivation, so fallowing remains the most important investment in land productivity—despite the fact that it may weaken land rights.

The complexity and flexibility of property rights in West Africa is apparent in our study area in Akwapim, Ghana. Most of the land cultivated by farmers in these villages is under the ultimate control of a paramount chief and is allocated locally through a matrilineage (*abusua*) leadership. This is not to say other forms of ownership/contracts over land do not exist—sharecropping and other rental contracts coexist, but land allocated through the *abusua* is the dominant form of land tenure.

While individuals may have rights to the use of some land as a result of their membership in an *abusua*, this right does not define which individual member of an *abusua* will cultivate which particular plots. Individual claims over land overlap. Which person ends up farming a plot is the outcome of a complex, sometimes contentious, process of negotiation. Moreover, land rights are multifaceted. The act of cultivating a



given plot may—or may not—be associated as well with the right to the produce of trees on the land, the right to lend the plot to a family member, the right to rent out the land, the right to make improvements, or the right to pass cultivation rights to one's heirs. A person's right to establish and maintain cultivation on a particular piece of land, and the extent of her claims along the many dimensions of land tenure are ambiguous and negotiable. As a consequence, "people's ability to exercise claims to land remains closely linked to membership in social networks and participation in both formal and informal political processes" (Berry, 1993, p. 104).

## Land tenure is a political process

THIS GENERAL PATTERN of negotiated access to land through membership in a corporate group is found elsewhere in Ghana, through many parts of West Africa and in some other areas of Africa, although there is considerable variation in the details. Summarizing the conclusions of several studies from across the continent, Bassett and Crummey state: "the process of acquiring and defending rights in land is inherently a political process based on power relations among members of the social group. That is, membership in the social group, is, by itself, not a sufficient condition for gaining and maintaining access to land. A person's status...can and often does determine his or her capacity to engage in tenure building." (Bassett and Crummey, 1993, p. 20)

In our sample, there are a number of individuals (about 26 percent of men and percent of women) who hold an office of social or political power in their village or *abusua*. Typical offices include lineage head (*abusuapanyin*), chief's spokesman (*okyeame*), lineage elder or subchief. These are not formal government positions. They instead represent positions of importance within local political hierarchies. In our initial examinations of the quantitative data, we found that these individuals were much more likely to make the most important investment in this shifting cultivation agrarian system: leaving land to fallow. Indeed, the initial, large difference we found in yields between plots controlled by men and those controlled by women disappeared once we controlled for fallowing. The major variable that explained fallowing was the fact that an individual held an office—office holders, most of whom are men, fallow their land significantly longer than others. Further statistical examination reveals that this is not a result of wealth nor the quality or quantity of land—it is due to their position in the social hierarchy.

This insecure tenure comes with significant costs. For most farmers (i.e. the non-office holders) an additional year of fallowing would be associated with increased steady-state output of between 20 and 50 percent. This is indicative of how the political system of land tenure is leaving large realms of profit unexploited for those who lack the proper connections. A speculative calculation can help to put this local level result into broader perspective. Approximately 434,000 hectares of Ghana's farmland is planted to maize and cassava and located in four Regions where we might expect the land tenure system to be similar. If the yield losses from inefficient fallowing are

similar on all of this land, then we estimate the aggregate costs at 198 billion cedis to 292 billion cedis or 1.4 to 2.1 percent of the 1997 GDP. We can take another cut at putting this figure into perspective by looking at the depth of poverty. Using 1998 national household survey data, the poverty gap is estimated at 14 percent of the poverty line (the poverty gap is a measure of the mean level of the poor below the poverty line). We can use this figure to calculate the aggregate poverty gap (i.e. the amount which, if perfectly targeted, would bring all the poor to the poverty line). The productivity gain which would result from increased security in tenure in these four regions would cover approximately 13 to 19% of the national poverty gap. Given that maize and cassava are central subsistence crops in Ghana, the poverty implications of improved tenure are decidedly large.

## A safety net of sort

This would seem to be a simple case for the formalization of land tenure rights, with careful policy attention to remove the role of political influence from tenure security. However, no institution arises in a vacuum. We took the initial results from our research back to the survey area to discuss them with focus groups. The focus group participants revealed that one of the central roles of the *abusua* based land allocation process was to provide land for those in need. The efficacy of the system in this regard is fairly clear—even the poorer individuals in these communities have some land to farm. However, the exact definition of need was quite ambiguous. Indeed, several focus group discussions led to the argument that fallowing land signalled that one did not need the assistance of the *abusua*. Further statistical investigation seems to support this argument of imperfect information as to the need for land: those connected to political power leverage this power to communicate need without having to continuously cultivate their land. Those less well-connected cannot stop to fallow as often for it would signal that they are no longer in need of assistance.

In the end, this system presents a thorny problem for policy makers, particularly as population pressure leads to shorter fallowing periods. The *abusua* based land system seems to serve as a safety net of sorts, making sure that the everyone who needs land gets at least some. However, the cost associated with this safety net is large, land is farmed inefficiently with large losses of potential profits for those (many of whom are women) not well connected to the political hierarchy which allocates the land.

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