



Tropentag, September 17-19, 2018, Ghent

“Global food security and food safety:
The role of universities”

The Effect of Land Registration and Certification on Land Related Investments: A Case Study of Sothern Ethiopia

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Abstract

Agricultural growth remains stagnant in Ethiopia, where smallholder's level of investment in soil and water conservation practices, as well as the use of improved technologies, is minimal. Land tenure insecurity is one of the factors constraining both long-term investments in land and land market participation. Secure access to land is hypothesised to positively influence smallholders' long-term investment in land. Since 1975, Ethiopia experienced frequent land redistributions which restricted smallholders' rights in land, reduces farmer's incentives to invest in land as well as limit its transferability. In 1998/99 the Ethiopian government launched land registration and certification in the four big regions. The main objectives of the programme were to enhance land tenure security of smallholders. In this paper, we assessed the effect of land use certificate on long-term land-related investment and rental market transaction. A total of 180 randomly selected households with 448 plots drawn from two of the regions namely, Oromia and Southern Nations Nationalities and Peoples Region are used for the analysis. In this paper, we analysed the effect of land registration and certification on the household's perceived threat of losing land; effect on investment in soil and water conservation structures and land rental market participation. The Probit and Tobit models were executed for the estimation. The probit model regression results show that land use certificate has a positive and significant effect on soil and water conservation practices, and tree planting. Certification also significantly reduced the households' expectation to loss of land. However, the paper revealed no significant effect on land rental market participation.

Keywords: Keywords: Ethiopia, land market participation, land-related investment, tenure security