

**RELATIONSHIP BETWEEN COMMUNAL LEASEHOLD RIGHTS AND INVESTMENT IN SMALL-SCALE FARMS: A CASE STUDY OF KAVANGO WEST, MPUNGU CONSTITUENCY**

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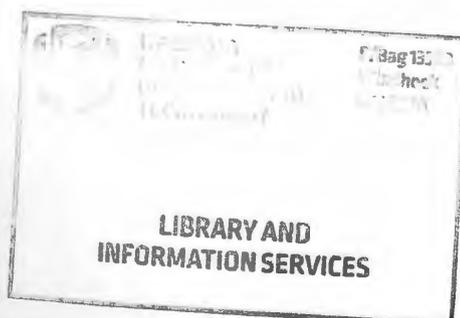
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## ABSTRACT

The communal land reform initiative has been in place in many countries since the 19<sup>th</sup> century, and the impact of land reform on agricultural production and investments has had mixed results (Brasselle, Gaspart & Platteau, 2002; Chirwa, 2005a, 2005b; Do & Lyer, 2008; Gavian & Ehui, 1999; Gebremedhin & Swinton, 2003; GOM & World Bank, 2006; Graham & Darroch, 2001; Green & Ng'ong'ola, 1993; Li, Rozelle & Brandt, 1998; Mukherjee & Benson, 2003; Place & Otsuka, 2002; Purnell, 1995; Smith, 2004). Most of the initiatives were designed to eliminate obstacles to economic and social development arising from defects in the agrarian structure. Alufa (2015) observed that across most of the Sub-Saharan African region, communal land was neglected in the past due to colonial administration. Countries such as Ethiopia and Ghana realised the need to reform communal land soon after achieving independence, with the main objective of enhancing development. Central to the newly introduced tenure rights is the freedom to occupy, use, develop, and most importantly tenure security. The central tenet is the desire to enhance confidence in the land user that he/she will not be deprived of the bundle of rights he/she has for a particular piece of land. It is therefore clear that land reform is an integrated programme designed to spearhead economic and social development among previously disadvantaged farmers. The main objectives of the land reform process are to ensure security of tenure, improve land productivity, and enhance investment.

The government of the Republic of Namibia enacted the Communal Land Reform Act (Act No. 5 of 2002) to ensure smooth administration and management of communal land resources. Different land tenure systems have been provided by the Act. The government designated small-scale farming in communal areas in order to develop these areas commercially. Leasehold rights are among the rights provided for in the Act and have been issued to the farmers by the Ministry of Land Reform through the Communal Land Board. The literature indicates that there are mixed results on whether tenure security enhances investment and agricultural productivity in communal areas. The objectives of this study were to assess the level of investments made by beneficiaries of the leasehold rights, to determine the relationship between access to leasehold rights and investments, and to assess farmers' perceptions of the Communal Land Reform Act. This study used the

independent T-test and Binary Logistic Regression model as the main model to achieve these objectives.

The results indicate that a leasehold tenure system has a positive effect on a farmer's decision to invest in physical farm infrastructure. Private farmers were found to invest more than farmers in the communal land zone. This is because individuals are more willing to invest where they feel secure, supporting the evidence that land tenure enhances investment. The finding that water-related investments are among the main variables identified with a positive  $\beta$  coefficient in terms of water tank, solar energy investment, generator and boreholes clearly indicates the positive effect of tenure security on investments. Using the situational analysis, the farmers' perceptions of the Communal Land Reform Act shows that private farmers have accepted the provisions of the Act in terms of leasehold land rights, while the farmers in the communal land zone do not consider land title in terms of customary land rights to have any significant impact on investments.

**Keywords:** *farm investment, land reform, security of tenure, leasehold rights, binary logistic*