Land in the urban development agenda

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Motivation

- Big question
  - How to respond to the demand for land for future urban population growth (esp. African cities)?
  - Key issue = “getting cities right”

- Share some perspectives about land issues that matter for urban development
  - The focus on land tenure is important
  - Lessons from *multidisciplinary* research & operations

- Lessons for research and policy
Five Principles about land for urban development (in an ideal world...)

- **P1**: Land is available for urban expansion
- **P2**: The land market functions
  - Land is put to its best use (efficiency)
  - The market “works for all” (equity)
- **P3**: Appropriate instruments are used to guide urban expansion and address land-use externalities (sustainable planning)
- **P4**: Land can be taxed (Henry George)
  - Fund the infrastructure needed for expansion (LVC)
- **P5**: Good land governance supports P1-P4
The Real world (West African cities)

- R1: Scarcity of formally supplied land is a major issue
- R2: Limited formal land market
  - Unaffordable land prices
  - Large and insecure informal market
  - Underinvestment & land misallocation (market failures)
- R3: Absence of effective urban planning
  - Unplanned urban expansion
  - Suboptimal land use patterns & costly regularizations
- R4: Lost opportunity of land taxation
  - Infrastructure unable to respond to rapid urban expansion
- R5: Poor land governance (the core problem?)
Limited success of land policies

- Policies to address land issues
  - Reforming the legal framework (prerequisite) is a slow process
  - Formalizing property rights and stimulating urban land markets has been challenging

- Should we approach land issues differently?
  - Take a step back: understand the context specificity
    - The comparison with cities in developed countries before they urbanized can be misleading
    - Three main observations about West African cities
The context of West African cities (1/3)

- **O1: The current legal framework results from a cumulative history of land reforms**
  - Pre-colonization / colonization / socialism / market
  - New laws do not completely abolish old laws...
    - Legal pluralism and inconsistencies
    - Land tenure complexity (customary, informal, formal)
      - Major issue in titling programs
The context of West African cities (2/3)

- O2: Cities are to a large extent rural
  - The origin of residential land is customary-held agricultural land
    - Peri-urban land (where urban expansion occurs)
    - Transition from customary allocation of land (non-monetary) to formal and mainly informal markets (commodification of land)
  - Various processes of tenure transformation involving many stakeholders
Land use (and tenure) conversion under rapid rural urban transformation (Bamako)

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The context of West African cities (3/3)

- **O3: Informality is the norm, not the exception**
  - Informality is largely a response to...
    - Outdated principles in the legal framework (e.g. non-recognition of land markets to various degrees)
    - Restrictions on formal land supply
      - Secure/formal tenure is unaffordable to most household
    - Complex and costly processes of formalization
      - Involving many stakeholders, with rent capture at each step
      - Temporary situations often become permanent
  - Informality is, in a sense, organized
    - Many stakeholders benefit from informality, including local authorities
      - E.g. delivery of land sales certificates although agricultural land sales are not authorized
      - Political economy trap: powerful agents lack incentives to reform
Is the laissez-faire sustainable in a context of urban expansion? (1/2)

- Inefficiencies
  - Scarcity of formal land deters investment
  - Land misallocation harms productivity
  - Reduced potential for agglomeration effects
- Can we continue to do nothing (or little)?
  - How inefficient will a city be when expanding under a distorted land system?
    - Optimistic view
      - Economic development will pull the system towards formality
      - This can be enhanced by improvement in land institutions
    - Pessimistic view (likely scenario in poorest countries?)
      - Insufficient wealth creation and no improvement in institutions
The optimistic view: urbanization and the disappearance of informality
Source: Cai, Selod and Steinbuks (2017)
Is the laissez-faire sustainable in a context of urban expansion? (2/2)

- Political risks
  - Increasing likelihood of conflicts with urban expansion
  - Inequity is a source of (strong) resentment
    - Access to land is based on strength of social position and networks
Protest of “land victims” in Bamako, Mali (March 13, 2012)

Source: L’essor and MaliJet.com
Concluding remarks: How can research help policy?

- Policies that can work will need to take into account the specificity and complexity of land
  - First step: have a correct diagnosis
    - Prerequisite for any policy design
    - Need for systemic studies
      - Holistic analyses of land systems
        - Interactions between formal and informal land markets
        - Beyond land markets (understand the context of transactions)
  - Need for dynamic approach
    - Understand transitions

- Solely technical responses are not enough
Land Delivery Systems in West African Cities
The Example of Bamako, Mali

Alain Durand-Lasserre, Majlis Durand-Lasserre, and Harris Selod
Some of my work on the topic

▪ Urban economic theory
  ▪ Selod and Tobin (2017). “The Informal City”

▪ General audience
  ▪ Deininger, Selod and Burns (2012). The Land Governance Assessment Framework. Identifying and Monitoring Good Practice in the Land Sector