

Land institutions' credibility: Analyzing the role of complementary institutions



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ABSTRACT

Institutions shape people's behavior and perception. This help reduce uncertainty. Institutions play an important role in shaping socio-economic outcomes. For this to happen institutions must be effective and functional. Institutional effectiveness depends, to a large extent, on factors such as the existence of an enabling environment, which includes complementary institutions. Over the years, several developing countries introduced land formalization. The change in institutional arrangements, in many cases, was made in anticipation of a better land tenure security provision. However, it is not clear yet if the change in land institutions produces the intended result, for instance, in the absence of dependable complementary institutions such as politico-legal institutions. By doing a review of the literature and using data from Property Rights Alliance (IPRI 2018) and Freedom House this study analyzed 10 countries to find a correlation between land institutions' credibility and the quality of politico-legal institutions. This is to assess to what extent the success of land reform depends on the quality of the existing politico-legal institutions. The result of the study reveals that there is a strong correlation between the quality of politico-legal institutions and the quality of land institutions of a given country. This shows that land institutions and politico-legal institutions are highly interdependent. This underscores that in the absence of a strong or effective politico-legal institutions land reform might fail to fulfill its objectives, which undermines its credibility. To establish a credible land institution, it is imperative to put effective politico-legal institutions in place.

1. Introduction

Institutions, according to North, are 'the rules of the game in society or, more formally, they are the humanly devised constraints that shape human interaction' (North, 1990, p.3). According to Hodgson, 'Institutions are systems of established and prevalent social rules that structure social interactions' (Hodgson, 2006, p.2). Scott (1995, p.33) writes, 'Institutions consist of cognitive, normative, and regulative structures and activities that provide stability and meaning to social behavior...In this conceptualization, institutions are multifaceted systems incorporating symbolic systems cognitive constructions, normative rules and regulative processes carried out through and shaping social behavior'. Though the definitions provided share many similarities, yet there is no consensus on a single definition of institutions (Kingston and Caballero, 2009). Because, scholars propose definitions of institutions that fit their disciplines or theories. However, all definitions agree on the core issue - i.e. institutions are rules and regulations that govern the behavior of players.

The concept of institution has been used in various disciplines

(Hodgson, 2006) and they are evident in different sectors. For instance, there are economic, political, social, etc. institutions (Edquist and Johnson, 1997; Leftwich and Sen, 2010). Even with in a given sector there are institutional subcategories. Moreover, institutions exist and operate at multiple levels ranging from global level down to a unit of an organization (Scott, 1995). The prevalence of institutions in various sectors and at different levels makes the existence and impact of institutions omnipresent.

According to Aoki (2007, p.12), 'actual institutional dynamics appear to involve interactions of economic, organizational, political, and social factors'. Kuncic, (2013) writes that institutions can be clustered into three major groups such as legal, political and economic that can 'capture to a large extent the complete formal institutional environment of a country'. However, this categorization ignores informal institutions, which excludes important institutions such as cultural, land and social institutions that do not necessarily fall under Kuncic's categorization. For example, land institutions (rules, regulations and customs that shape forms and functions of various land tenure arrangements) hardly belong to legal, political and economic institutions though it

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shares some elements from all of these institutions.

Institutions matter because they affect people's behavior and actions (Przeworski, 2004). They give structure to what people do: defining the rules of the game. That means actions of the players are bound and they cannot do whatever please them. Players are guided by the predefined rules, norms, regulation, etc. Actions are taken and decisions are made based on the rules and guidelines set. Once rules of engagement are defined, the players are expected to play accordingly. Failing to follow the rules have formal or informal consequences. Within the formal realm, there may be fines or punishment for failing to conform. In informal institutions, there is a punishment for individuals or groups who violate customary rules, which might include denunciation from community members or ostracization. However, not all players or actors live by those defined (formal or informal) rules. The rules are violated for various motives. There are players who benefit by violating rules of the game.

By putting constraints on actors, shaping people's behavior and perception institutions help reduce uncertainty in everyday life and affect the outcome (North, 1990). There is growing consensus as to the role institutions play, mainly, in determining economic development outcome (Acemoglu and Robinson, 2012; Kasozi, 2004). Acemoglu and Robinson make a bold assertion that the quality of institutions is what distinguishes rich countries from poor countries. Moreover, institutions play an important role in shaping socio-economic outcomes. Nevertheless, if they are well observed, institutions reduce uncertainty and affect the outcome, according to Zevenbergen (2002). This makes enforcement a critical part of creating an effective institution. Institutional effectiveness depends on factors such as the existence of an enabling environment. Effective institutions put constraints on players and as a result shape the outcome. To the contrary, if an effective enforcement mechanism is missing institutions become dysfunctional (Ho, 2014; Zevenbergen, 2002). That is why institutions that have the same form produce different results in different areas or under different settings.

The primary focus of this research is to study the interdependence between land institutions and politico-legal institutions. Land institutions, in the context of this study, refer to formal (laws, rules, regulations, etc.) and informal (customs and rules) constraints that govern land-people relationships. This is based on the North's (1990) definition of institutions. This definition is preferred over the rest for its simplicity and clarity. Besides, land institutions, both customary and statutory, can be well explained by this definition. The legal institutions are distinct legal systems (rules of the game) governing specific forms of social contract (Ruiter, 2001; Wijk, 2007). In this research it refers to rules, laws and regulations related to land rights protection, dispute resolution/adjudication. Here, political institutions refer to political regimes (rules, norms and culture) that affect land, government and society relationships.

Having a combination of strong institutions such as land, legal and political institutions means having good governance, rule of law, transparency and easy access to land information (Bujko et al., 2016; Durand-Lasserve and Selod, 2009; Firmin-Sellers and Sellers, 1999; Toulmin, 2008). Strong institutions improve accountability and limit prevalence of corruption and bribery (Bujko et al., 2016). Studies show that there is correlation between weak institutions and exposure to land grabbing (Deininger and Byerlee, 2011; Payne et al., 2009). Strong institutions enforce contracts and improve service delivery. Issues related to tenure security such as unlawful eviction and fair compensation, in case of expropriation, are better addressed under quality institutional environment. The institutional environment that guarantees tenure security improves investment and leads to economic development (Prado and Trebilcock, 2009). Many studies, as indicated above, looked into institutions and why institutions matter. Nonetheless, to my knowledge, an attempt has not been made to establish the interdependence between land institutions performance and the quality of a politico-legal institutional environment. This study will analyze the

degree of interdependence between land institutions and complementary institutions such as legal and political institutions. This is to assess to what extent credibility of land institutions depends on the quality and performance of politico-legal institutions.

2. Methods

This research depends on data from two sources. Firstly, it synthesizes literature on theories of institutions, institutional credibility and institutional interdependence. This is to highlight theoretical underpinning of the study. This has been done by identifying relevant articles from various search databases. Keywords such as institutions, institutional theory, institutional credibility, land institutions and institutional interdependence have been used to conduct title, abstract and full text search. By skimming search results, non-relevant articles have been filtered out. Secondly, data from organizations such as Property Rights Alliance (PRA), Transparency International (TI), Freedom House (FH), Heritage Foundation (HF) and Ibrahim Index of African Governance (IIAG) have been used.

There might be biases or inaccuracies involved in the data collected by these organizations. Therefore, it is not ideal to draw a conclusion about the credibility of an institution based on the data from a single source, which the author has no quality control over it. The primary purpose of using data from various sources is for data validation. Using data from different organizations is important to better understand countries' institutional quality and also essential for the integrity of the research. For instance, to validate the accuracy of IPRI 2018 data on property rights and judicial independence, data from IIAG has been consulted. Likewise, IPRI 2018 corruption control score has been compared to TI 2018 Corruption Perception Index. For the accuracy of IPRI 2018 score on judicial independence and property rights protection, data from Heritage Foundation has been consulted.

Moreover, PRA got original data and scores for variables, though it applied rescaling, from Global Competitiveness Index (GCI) of the World Economic Forum's 2017–2018 and the World Bank's Worldwide Governance Indicators (WGI). The GCI data are based on Executive Opinion Survey of 14,375 business executives in over 148 countries (World Economic Forum, 2018). The WGI are a research data set gathered from a number of survey institutes, think tanks, non-governmental organizations, international organizations, and private sector firms (Kaufmann et al., 2010). Moreover, TI is based on 13 data sources to construct the index. Most of the data sources for TI, including Freedom House, collected based on expert survey or assessment (Transparency International, 2018).

While reviewing literature and analyzing data from various organizations the focus was on identifying indicators such as property rights protection, land tenure security, corruption control, political and civil rights, judicial effectiveness and independence and the rule of law. To reflect current reality, the most recent available data have been used for analysis. This has been done, primarily, to find out if there is a correlation between a country's quality of property rights protection and its politico-legal institutions' quality. Nonetheless, identifying causality is beyond the scope of this study.

Using systematic sampling ($k = N/n$) technique 10 countries have been selected out 125 countries surveyed by PRA. PRA indexes countries according to their property rights protection score. Systematic sampling is ideal to select countries across the board without repetition and with a fair chance of inclusion. Hence, Luxemburg (9), UAE (21), Spain (33), Bahrain (45), Trinidad & Tobago (57), Peru (69), Guatemala (81), Honduras (93), Mozambique (105) and Zimbabwe (117) have been included in the selection. Apart from South East Asia, North America and Oceania, the rest regions are more or less represented.

In this study property rights protection score from IPRI 2018 is considered as score that reflects over all countries' quality of property rights (tenure security) - an indicator of land institutions' performance and credibility. To analyze the quality of legal and political institutions,

various proxies have been used (Ho, 2014; Knack and Keefer, 1995). Researchers used proxies such as level of the political commitment, corruption control, enforcement effectiveness, quality of land information, effectiveness of the judiciary, effectiveness of dispute settlement, and quality of bureaucracy have been used to analyze political and legal institutions (Chen, 2007; Frye, 2004; Havrylyshyn and van Rooden, 2003; Knack and Keefer, 1995; Rodrik, 2004).

This study is concerned with finding the relationship between countries land institutions' credibility and politico-legal quality of countries. This necessitates, when analyzing data, emphasizing on scores of indicators such as corruption control, effectiveness of judiciary, rule of law, property rights protection, quality of enforcement, etc. Indicators/proxies high score normally corresponds with quality or better performing institutions. However, it is not easy to draw conclusions about the quality of land and politico-legal institutions of a country by looking into a single indicator. A country may score high in land registration and land transaction. But that does not mean that the country's property rights protection score is high as the latter depends, among many other things, on politico-legal institutions of the country.

One way of knowing the interdependence among institutions is by analyzing and comparing how various indicators under different institutions (for instance land and political) perform. For instance, land rights, political and civil rights have a common denominator. It is interesting to know if there is a correlation between the quality of political and civil rights a country exhibits and land rights quality. Similarly, it is imperative to find out if the effectiveness and independence of the judiciary, for example, affects the quality of tenure security by addressing issues such as elite capture, expropriation, dispute settlement, etc.

The study mainly focuses on finding out the interdependence between the performance of land institutions and political institutions, and land institutions and legal institutions. Economic, social, cultural, etc. institutions are not part of this interdependence assessment. This is primarily to limit the scope of the research. The excluded institutions and issues related to causality can be potential areas of future study.

3. Literature review

This section deals with theoretical framework of institutions in general and land institutions in particular. It defines institutional credibility and institutional trustworthiness. Also, it highlights the relevance of land institutions' credibility. Moreover, it discusses institutional interdependence and the role complementary institutions play for land institutions' credibility.

3.1. Institutional analysis

Institutional analysis is conducted to address institution related problems (Hollingsworth, 2000). According to him institutional analysis is usually heterogeneous and used with different conceptualizations. Institutional analysis means different things for different scholars. That is why scholars in different academic disciplines 'have their own distinctive strategies for studying institutional analysis' (Hollingsworth, 2000).

Institutional analysis, according to Ostrom (2011), depends on theoretical work undertaken at three levels: (i) frameworks, (ii) theories, and (iii) models. The framework identifies 'the elements and general relationships among these elements that one needs to consider for institutional analysis and they organize diagnostic and prescriptive inquiry' (Ostrom, 2011, p.8). Based on elements in the theoretical framework, institutional analysts generate questions and inquiries. Theories, Ostrom explains, help analysts 'make assumptions that are necessary to diagnose a specific phenomenon, explain its processes, and predict outcomes'. Moreover, multiple theories can be compatible with one framework. 'Models involve making precise assumptions about a limited set of variables and parameters to derive precise predictions

about the results of combining these variables using a particular theory' (Ostrom, 2011, p.8). A single model is compatible with multiple theories.

Institutional analysts can take two more steps to make institutional analysis (Ostrom, 2011). First, they can dig deeper and make inquiries into the factors that affect the structure of the situation. At this stage, institutional analysts make an attempt to understand the rules and norms that govern decision making. At the second stage, they explore how institutional changes in previous times affect perceptions and strategies over time.

Institutional analysis has different dimensions. Analysts usually focus on analyzing one dimension at a given time. For instance, according to Hollingsworth (2000), some analysts concentrate their attention on the study of rules, norms, habits, conventions and values. Others would study how rules and norms are associated with institutional arrangements (types of markets, networks, associations, communities, clans, states, etc.). Yet, there are analysts who work on specific institutional sectors (e.g. education, business systems, financial markets and systems of research). Similarly, other institutional analysts might focus on the study of organizations, emphasizing on how the institutional environment of organizations (e.g. norms, rules, values; configurations of institutional arrangements; institutional sectors) influence the structure, culture and outcomes of organizations. All of the issues under consideration during institutional analysis require a detailed knowledge and sensitivity to local practice, history, precedent and culture (Zevenbergen, 2002).

3.2. Institutional credibility and trustworthiness

The durability of institutions is contingent on its ability to fulfill predefined goals and objectives. For land institutions the principal objectives are: guarantee tenure security, stimulate land transfer market and enhance investment (Rodrik, 2004). Fulfilling these objectives, according to him, are the hallmark of effective land institutions. Land institutions that fail to fulfill core objectives i.e. dysfunctional or weak land institutions risk unacceptability or rejection by the society. Because people under normal circumstances do not support or give legitimacy to institutions that do not address their concerns.

According to Ho (2014) credibility of institutions refers to the 'nature of institutions' and how they are perceived by a society; not by individuals. It is a measure of how much societal support that institutions enjoy. New institutions do not function as anticipated unless they enjoy legitimacy from the society (Chang, 2006). Legitimacy, Chang argues, depends on whether the new institutions 'have some resonance with the existing culture/institutions'. The nature of institutions and subsequent society's perception is shaped by rules in place and to what extent they fulfill predetermined objectives. Additionally, it is institutional effectiveness, the ability to function properly or meet societal needs, that make institutions acceptable (Ho, 2014; Leftwich and Sen, 2010; Zevenbergen, 2002). Failure to meet its goals, Ho and Spoor (2006, p.589) write, 'might put the social acceptability or credibility of institutions at risk'. Depending on how effective or functional they are, institutions can be categorized as credible or non-credible. Institutions that fulfill most of what it promised are credible institutions and those that failed to deliver what it promised are non-credible institutions. Nonetheless, there is no such things like fully credible or fully non-credible institutions - what exists is a continuum of credibility (Ho, 2014).

Similarly, institutional quality is a continuum. It is hard to image institutions with a quality score of 100 or 0. Best performing countries fail to score the maximum possible score. The worst performing countries also do not score 0. The score for all countries surveyed is somewhere between minimum and maximum score (Heritage Foundation, 2018; Property Rights Alliance, 2018; Transparency International, 2018). This shows that quality is also a continuum.

Not all institutions, obviously, perform the same way. Some

institutions perform better than others. Even institutions that share the same form may differ in performance or effectiveness (see Section 1.3). Institutional credibility is about spatially and temporally defined functions (Ho, 2014). Institutional credibility might differ depending on time and geographical area under consideration or due to other internal and external factors. In general, land institutions' credibility crosses classical formal vs. informal land institutions discourse. It is possible that informal institutions can enjoy credibility and formal institutions suffer from lack of it.

Furthermore, land institutions' credibility means different thing for different groups: for farmers and developers; and for rural, urban and peri-urban dwellers. On the other hand, effectiveness of one institution largely depends on the effectiveness of other complementary institutions such as legal, political and economic institutions. The difference in effectiveness of land institutions across countries may be attributed to differences in the strength of those complementary institutions (Zevenbergen, 2002). For instance, institutions under democracy and dictatorship might yield different performance results (Acemoglu and Robinson, 2008) even if they share similarity in forms.

Institutional trustworthiness, according to Rose (2013), refers to what institutions actually do. Zevenbergen (2002) argues that the expectation (trust) a society has on land institutions defines its trustworthiness. Similarly, institutional trustworthiness, according to La Porte and Metlay (1996), is a combination of trust and confidence. Land institutions' trustworthiness refers to the whole system not just to a part of it (Zevenbergen, 2002).

Perception of the society can be a good barometer of how much trust institutions enjoy. Trustworthiness, however, does not emanate from perception. It is the fulfillment of objectives, which determines trustworthiness of institutions. Zevenbergen (2002) underlies that trustworthiness depends largely on the outcome of day-to-day operations. Untrustworthy institutions have no intention or competence to deliver on what it promises (La Porte and Metlay, 1996; Rose, 2013). Society trusts and relies on institutions only if they are trustworthy. Land institutions earn public trust by meeting predefined goals and objectives (Zevenbergen, 2002).

Institutions have to be trustworthy to be acceptable and dependable. Land institutions' trustworthiness cannot be achieved in isolation, Zevenbergen (2002) argues. The level of complementary institutions' trustworthiness might determine the level of land institutions' trustworthiness. 'Social, political and economic institutions overlap and affect each other...Change in one institutional sphere will have an impact on other institutional spheres' (Ho, 2014; Zevenbergen, 2002). This shows that land institutions' trustworthiness can be compromised if legal, economic, political, etc. institutions of a country are untrustworthy.

Theoretical discussions about credible and trustworthy institutions failed to provide where the difference between the two lies. As we have seen above, both credibility and trustworthiness are a measure of institutions' ability to fulfill its promises. Institutions that managed to meet society's expectations are regarded as either credible or trustworthy. Credibility and trustworthiness signify the nature of the institutions (Ho, 2014; Zevenbergen, 2002) and they reflect the degree of societal support for the institutions. Both describe and represent roughly the same thing. In this research, they mean the same thing and they are used interchangeably.

Furthermore, institutional quality and credibility are very much related. Yet, they are not one and the same. Institutional credibility can be a subset of Institutional quality. Institutional quality determines to a large extent, though it does not guarantee, the functionality and performance of institutions. For instance, a country might have quality institutional forms (policies and laws derived from best practices). Nevertheless, it might fail to implement it properly (weakness in performance or functionality). Peter Ho argues that credibility is the function of institutional performance or functionality (Ho, 2014). What the government thinks a good policy (quality) might be perceived as

something bad by the society (credibility). If the quality of politico-legal institutions affects the quality of institutions (performance), it is fair to say that they can also affect the credibility of institutions. Due to a strong linkage between the two, in this study sometimes credibility and quality have been used interchangeably. Therefore, we can derive that it can also affect the credibility of institutions.

3.3. Relevance of land institutions' credibility

According to Rodrik et al. (2004) the quality of institutions is the most important issue for economic development. Similarly, Acemoglu and Johnson (2003) argue that differences in economic institutions determine economic development outcomes. Evidently, this highlights the relevance of land institution's quality for the fulfillment of land institution's objectives. For instance, tenure security has legal and political dimensions. Therefore, quality of these institutions affects the quality of tenure security. Similarly, economic institutions can affect access to credit and effectiveness of land transfer markets. Likewise, poverty reduction, as indicated above, can be affected by the quality of economic institutions.

Institutional quality affects institutional performance. The performance of land institutions affects the role land institutions play to fulfill land institutions core objectives, which in turn affects its credibility. Since, institutional credibility is a function of institutional performance (Ho, 2014). Quality of land institutions, for example, might have a direct effect on the quality of tenure security, which is important for land market, investment, access to credit and productivity enhancement (Acemoglu and Johnson, 2003). High quality land institutions, for instance effective and pro-poor, play a central role in poverty reduction and tackling disenfranchisement. 'Institutions that protect property rights are crucial to economic growth and to investment' (Nor-Hisham, 2016). Credible land institutions encourage actors to engage in economic activities such as land transfer or credit market, which are imperative for development and poverty reduction.

There is an inverse correlation between credible land institutions and level of land conflicts (Ho, 2014; Zevenbergen, 2002). Ideally, tenure security removes possibility or fear of eviction and conflicts over land. Furthermore, credible institutions reduce the number of contestations over land rights by ensuring clear evidence of land ownership (use rights). A credible institution is a reflection of a reliable system of land ownership determination, boundary demarcation and land adjudication. It eliminates gaps or uncertainties that might lead to rights contestation, corruption and eviction.

Effective land institutions are imperative for the emergence of an efficient land transfer market. Zevenbergen (2002) writes, 'an effective land market depends on an array of institutional arrangements of which land registration is one'. Non-credible institutions affect land transfer markets in different ways. Firstly, non-credible land institutions increase transaction cost (Boone and Nyeme, 2015; Zevenbergen, 2002). People do not trust non-credible land institutions. Therefore, they spend more time and resources to do extra work such as substantiating documents. Secondly, under non-credible land institutions contracts may not be honored. If buyers and sellers do not have solid trust in land institutions, perhaps due to lack of contract enforcement and pervasive corruption, parties may fail to honor terms of a contract. Thirdly, fear of fraud or other kinds of manipulation may discourage people from engaging in formal land transfer market and eventual investment. Finally, landowners may hesitate to lease their land, fearing that they may not get their land back once the lease period is over.

Hypothetically, credible institutions protect the interest of everyone. Non-credible institutions, nonetheless, do not affect everyone equally. Powerful people may even benefit from non-credible institutions. Because, they have the power (money and network) to bend rules and manipulate the system to their advantage. If the system is not fair or institutions are not properly enforced, another manifestation of non-credible institutions, vulnerable groups suffer. They can be easily

disenfranchised through eviction and elite capture and can also be subjected to distress sale due to fear of eviction. Quality institutional arrangement promotes pro-poor land policies. However, having progressive land policies is something, and ensuring its proper implementation is another. Most of the time countries fail in implementation, not coping good policies. Here comes in the need to have properly functioning land institutions.

Strong institutions protect people's rights. Weak land institutions can be 'grabber friendly' (Bujko et al., 2016; Keenan, 2006); mainly as a result of weakness in rights enforcement. Research findings support this concept (Bujko et al., 2016). Strong institutions ensure the supremacy of the rule of law, discourages corruption and bureaucratic inefficiencies (Keenan, 2006). If there are quality institutions, it is difficult to enforce policies and laws that do not enjoy public support. If they are implemented with compulsion, they cannot yield positive results. Moreover, they cannot be sustainable. Institutions cannot enjoy public support unless they perceived as 'fair made and efficiently enforced' (Alon and Hageman, 2017).

Furthermore, institutional credibility refers to the whole system (ECE, 2013). If land institutions of a country (or a region within a country) are characterized as untrustworthy by the society, this has a far-reaching consequence on land agencies. It might erode the society's trust and confidence in the whole system of land administration (ECE, 2013). Because, issues related to land registration, land transfer market and land rights are directly related to land administration systems. Zevenbergen (2002) argues that people use and take for granted land administration institutions in the Netherlands and Austria because these institutions are trustworthy. Conversely, there is no strong incentive for people to use land administration institution if it is considered untrustworthy.

3.4. Institutional interdependency: land institutions' credibility and the role of complementary institutions

According to Prado and Trebilcock (2009, p.374) 'a property rights regime is not an isolated institution but, rather, an institution that has strong interrelationships with a variety of other institution'. This demonstrates that various institutions are complementarity, which 'sheds light on how institutions reinforce one another' (Rithmire, 2017). Fadiran and Sarr (2016) studied the interdependence between political and economic institutions in Nigeria. Their study reveals that the two institutions are mutually interdependent. China's land institutions, Rithmire claims, share complementarities, for instance, with fiscal and financial institutions. Land institutions are also complementary with other institutions. 'A land titling system is predicated on effective complementary institutions, including the judiciary, the legal profession, and the police, and thus formalizing property rights without complementary reforms, over time, to these other institutions may achieve very little' (Prado and Trebilcock, 2009, p.366).

Institutions are interdependent in a mutually reinforcing manner. This is true for both formal and informal institutions. For instance, informal land institutions fill formal land institutions gaps. Formal land institutions, in a broader sense, operate within the context of social, economic, political and legal institutions. A change in land institutions has the potential to affect other institutions (Rithmire, 2017). Similarly, change in other institutions, such as legal and political reform, affects land institutions. This means over emphasizing land formalization as a panacea to tenure security may not be fruitful while ignoring other institutions on which the performance of land institutions mostly depends (Prado and Trebilcock, 2009). Complementary institutions can improve the performance of formal land institutions by curbing the power of government officials and providing necessary protection for citizens (Alon and Hageman, 2017). To the contrary, formal institutions in a county where the rule of law and enforcement is weak might not provide tenure security. In Russia, due to failure of legal institutions, lack of judicial impartiality and failure to enforce rights, formal land

institutions failed to provide adequate tenure security (Puffer et al., 2010).

As stated above, land institutions are not stand alone institutions. Institutions such as legal, land, political, economic, etc. do overlap or affect one another (Leftwich and Sen, 2010). Most of them have impact both on forms and functions of land institutions (Hodgson, 2006; van der Molen, 2002). Aoki (2007) argues that, for instance, political institutions can affect forms and functions of economic institutions. Zevenbergen argues that success of land institutions, likewise, depends not only on internal issues but also on many other external factors (Zevenbergen, 2002) such as impacts of other institutions. For instance, it is not realistic to have effective land institutions without a strong court system. Tenure security cannot be achieved in areas where rule of law is weak. Moreover, the political environment under which land institutions operate matters. Because it affects the level of commitment to protect land rights and formulate pro-poor policy. Therefore, it is unwise to treat land institutions as an isolated entity. It is prudent to look at the forms and functions of other (supportive) institutions while analyzing the credibility of land institutions.

Proper caution is needed when reforming institutions. Where, what, when and how much to reform need proper attention to avoid a reform pitfall. Over ambitious reforms, embarking on reforming many interdependent institutions at the same time, might fail. Also, marginal reform that does not take this interdependence into account might not produce a significant result (Prado and Trebilcock, 2009). This underscores the need for a balanced approach. In general, a reform to strengthen other institutions, such as political and legal institutions, is imperative to maximize positive benefits of land formalization. However, some countries just focus on reforming land sector while still having repressive and exploitative political institutions intact. Without complementary reform, Prado & Trebilcock argue, reforming one institutions might not lead to the intended result - i.e. the reform remain fragile. Land reform, for instance, should be treated as part of reforming legal institutions to ensure rule of law (Prado and Trebilcock, 2009). It failed in many countries because policy makers ignored to take institutional interdependence into account (Prado and Trebilcock, 2009).

In general, institutional quality of one sector does not guarantee the quality of the other. To the contrary, weakness in one area might spill over and weakens the other. This explains that countries with weak complimentary institutions cannot implement successful land reform. In the absence of strong complementary institutions, formal land institutions might struggle to fulfill the desired goals and objectives. Therefore, it is important to have a holistic approach while analyzing the credibility of land institutions. However, for practical reasons, in this research the focus is on assessing the interdependence between political and legal institutions. It investigates if the quality of land institutions can be affected by the quality of complementary institutions.

In order to establish the interdependence among institutions (land, politico-legal) various indicators/proxies have been analyzed. Political rights and civil rights score of countries have been analyzed to find out if their quality can affect the quality of land rights. Similarly, judicial effectiveness, rule of law and corruption control scores have been analyzed to figure out if there is a correlation between countries politico-legal institutions and the quality of land institutions. Besides, effort will be made to find out if there are variations on interdependence among variables.

To find out the interdependence among institutions, secondary data from various organizations has been used. Nonetheless, in order to empirically demonstrate institutional interdependence, we can use various proxies. Capturing perceptions on the following proxies can be useful: perceived and real tenure security, court's impartiality and effectiveness, rights enforcement, corruption and bribery, political commitment to protect people's rights (particularly women and other vulnerable groups), prevalence of illegal eviction, etc. This can be done by conducting expert and/or land rights holders' survey. For example, a prevalence of illegal eviction (can be a proxy to measure rule of law)

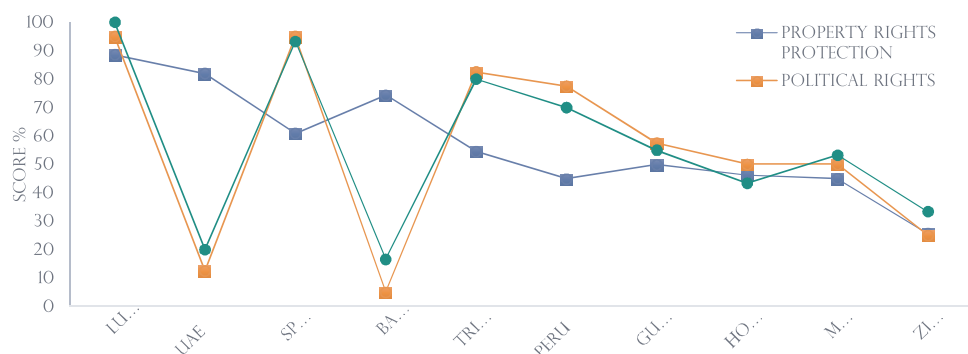


Fig. 1. Property rights protection and Political institutions quality. Data source: Property Rights Alliance and Freedom House.

might indicate weakness in the rule of law and also the existence of tenure insecurity. This might help us to show a correlation, particularly if respondents can rate the level of illegal eviction and perceived/real tenure insecurity, between tenure security and rule of law.

4. Results and discussion

This section deals with the results and discussions. Under this section political and legal institutions are treated separately. Sub-section 4.1 mainly focuses on presenting results on variables under political institutions. Sub-section 4.2 deals with legal institutions and corresponding variables. Under each sub-section the first paragraphs present results, and then followed by discussion.

4.1. The quality of political institutions and land institutions' credibility

For countries included in the sampling, data from Property Rights Alliance reveals that, apart from UAE and Bahrain, there is a correlation between quality of political institutions (political and civil rights) and the quality of land institutions (Fig. 1). Land institutions' quality of Luxemburg, Guatemala, Honduras, Mozambique and Zimbabwe corresponds with the quality of political and civil rights. For instance, Luxemburg, a country with high political and civil rights, scores high in land institutions' quality. On the other hand, Mozambique score for both land institutions and political and civil rights is low.

To the contrary, UAE scores high in property rights protection. However, its political and civil rights score is dismal. Bahrain also performs better in property rights than political and civil rights protection. Spain, Peru and Trinidad & Tobago's political and civil rights score is significantly higher than property rights protection score. Generally, countries with a high degree of political and civil rights also score high in property rights protection index. Likewise, countries with low quality political and civil rights score low in property rights protection index (Fig. 1).

It is evident from the data that land rights cannot be easily detached from other types of rights. For most countries political and civil rights score is higher than property rights protection score. This shows it is not easy to have a quality land institution in the absence of quality political institutions. Countries that deny citizens political and civil rights might struggle to guarantee property rights protection. Here UAE seems exception. Though its political and civil rights score is poor, its property rights protection score, with global ranking 21, is good.

Even though there are exceptions such as UAE and Bahrain's case, the pattern is clear. Better political and civil rights correspond with a better property right. It is clear that the overall political environment should be conducive for the provision of a sound tenure security. Sound land institutions cannot be initiated and properly implemented if the political will and commitment is missing. Because, in many developing countries, where political institutions are not strong, politics sometimes

interferes with land policies: undermining pro-poor policies and transparency. The quality of political institutions has a direct impact on the quality of land institutions.

Furthermore, the type of political institutions, democratic or authoritarian, centralized or decentralized, largely determines the role of formal institutions. Besides, the type of political institutions affects the type of land administration and management, i.e. centralized or decentralized. Decentralization, for instance, empowers local officials who are in a better position to understand local needs and priorities. This is crucial for the effectiveness of land institutions and service delivery. Nonetheless, political institutions in many African countries do not encourage local institutions to emerge (Alon and Hageman, 2017). This might be due to a tendency in some countries to concentrate political power in the hands of few leaders or elite. Moreover, the quality of political institutions determines the space citizens have to exercise freedom of expression, freedom of assembly and right to petition. Space for civic societies is imperative for tenure security. These rights are essential for protection of land rights, particularly when land disputes associated with elite and state capture arise. Having these rights puts citizens in a better position to fight unlawful eviction and expropriation in an organized fashion. Repressive and extractive institutions (Acemoglu and Robinson, 2012) pose threat to tenure security through erosion of rights to property. Repressive political institutions also undermine citizens' rights to resist unlawful eviction and deny aggrieved party the right to legal redress. Extractive political institutions also undermine the right to fair compensation.

Formal land institutions of many countries, though share similarities in terms of institutional forms their performance (effectiveness) varies from a country to country. Because, they operate in different political settings (Khan, 2010). The type or quality of political institutions that countries have make the performance of similar institutions different. Differences in the political settlement can explain why developing country institutional structures are different and similar formal institutions also perform differently. In a country where corrupt and extractive politics is institutionalized, it is tough to materialize reforms (Bräutigam and Knack, 2004). Markussen and Tarp (2014) find that in Vietnam the majority of the people interviewed believe that tenure insecurity challenge predominantly comes from the state. This can be explained in the form of misuse of eminent domain, government officials' power abuse for their personal gains and unfair compensation.

4.1.1. Credible political commitment

Law enforcement agents and land agencies are among the most corrupt institutions in sub-Saharan Africa. According to Transparency International, 63% of the people interviewed in sub-Saharan Africa believe that their respective governments are not doing enough to fight corruption (Transparency International, 2018). For instance, Zimbabwe and Mozambique score 2.2 and 2.5, respectively, in the TI Corruption Perception Index (CPI) 2018. Corruption is one of the issues that

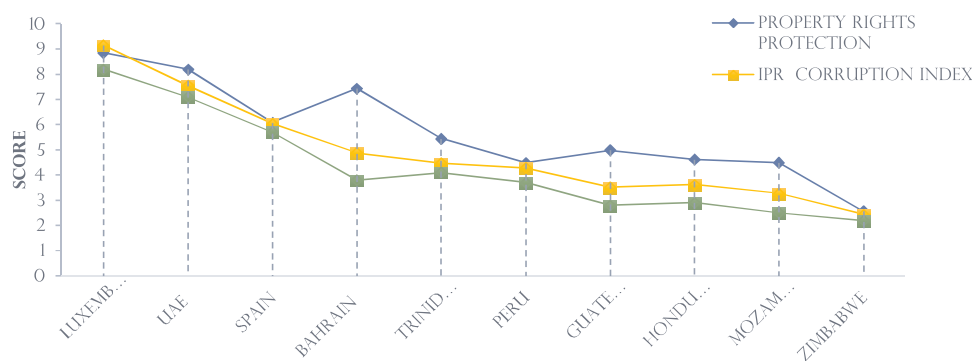


Fig. 2. Property rights protection and control of corruption.
Data source: Property Rights Alliance and Transparency International.

severely erode formal land institutions' credibility (see Section 4.1.3).

Political commitment, degree of willingness and determination from the government, is crucial to curtail the power of public officials and to force government to stick to its promise (Boettke, 2009). It is central to enforce land laws and policies on paper. For instance, Alemie et al., 2015 emphasize that urban cadaster in Ethiopia failed to improve the situation of urban land governance due to lack of political commitment. Frye (2004) says that in Russia there is a correlation between political commitment and degree of tenure security. Countries with weak institutions cannot exhibit a high level of political commitment to carry out important reform and eventually enforce it (Diergarten and Krieger, 2015). Land formalization fulfills its objectives only if there is a solid government commitment to do so. Lack of commitment from the state to ensure the success of land formalization might adversely affect the credibility of land institutions.

The process of land formalization should be accompanied by appropriate policy and legal reforms (Ho and Spoor, 2006; van der Molen, 2002). To be effective, reforms and policies have to be rightly enforced. However, sound land reform policies and its implementation require political will and commitment (Knack and Keefer, 1995). Efforts to create well-functioning land institutions may not bear fruit without a credible commitment at the highest level of government (Donnelly, 2005). Without candid commitment to provide tenure security and use the full force of the state to enforce rights and protect vulnerable groups' rights, mere institutional change (formalization) does not create dependable tenure security. Reform can be even counterproductive (Boettke, 2009). Furthermore, lack of credible commitment to protect rights undermines investment in land by instigating fear and increasing vulnerability to expropriations (Boettke, 2009).

4.1.2. Ensuring predictability

According to North (1990), one of the major functions of institutions is to determine the path and outcome by shaping people's behavior and putting constraints on their actions. Institutions, North argues, should be durable to be predictable and to shape behavior. This shows that political institutions should refrain from frequently making and unexpected changes in institutions. In relation to land institutions, every incoming government trying to change land laws and policies might weaken tenure security. Predictability is essential for land institutions to limit land market volatility and speculations. Sometimes politicians interfere in land institutions in a way it destabilizes it. Political institutions should ensure predictability rather than undermining it for momentarily political gains.

Similarly, governments in developing countries have a commitment problem in terms of securing property rights when dealing with both local and foreign investors (Bouquet, 2009). Government may decide to revise the contract agreement once investors engaged in production or development. This can be very negative for investors if it happens repeatedly.

4.1.3. Corruption control

Data from IPRI shows that there is a strong correlation ($r = .96$) between the level of property rights protection and control of corruption (Property Rights Alliance, 2018). Data from TI 2018 ($r = .87$) corroborates it. Countries that are strong in controlling corruption are also strong in providing tenure security. For instance, Luxembourg, the top country in terms of property rights protection (8.6) also scores high in control of corruption (IPR 9.2, TI 8.2 and WGI 9.7). UAE's property rights protection is 8.2. Its corruption control is 7.6 (IPRI), 7.1 (TI) and 83 (WGI). Peru scores 4.5 in property rights protection. Its score in corruption control is 4.3 (IPRI), 3.7 (TI) and 3.4 (WGI). Whereas, Zimbabwe's property rights protection score is 2.6. Its corruption control score is 2.4. We mostly see the same pattern for most of the countries in the world (Property Rights Alliance, 2018; Transparency International, 2018; World Bank, 2018).

For other countries the gap between property rights protection score and corruption control score is less than 1 point. Above we have seen that Bahrain scores well in property rights protection despite having poor score in political institutions. Again, Bahrain scores high in property rights protection (7.4) despite scoring relatively low in corruption control (4.5) (Fig. 2). Data from TI and IPRI evidently shows that there is a direct association between corruption control and tenure security. Rampant corruption undermines tenure security. That is true for Zimbabwe, Mozambique and Honduras. Control of corruption improves tenure security (Luxembourg and UAE).

In many countries land institutions are one of the institutions badly affected by corruption and rent-seeking (Knack and Keefer, 1995). Corruption increases transaction cost. Moreover, 'corruption and rent-seeking introduce policy distortions' (USAID, 2013). It leads to resource misallocation. In a country where corruption is rampant, it is difficult to provide strong tenure security (USAID, 2013) and also to create an effective land transfer market. State agents and the elite, using bribes, can easily deprive the poor and vulnerable groups of their land rights. Alon and Hageman (2017) argue that there is correlation between corruption and land grabbing. Corrupt political institutions might use land reforms and land institutions for political gains including votes. In China political institutions use land, Puffer et al. (2010) claim, for party member requirement and to buy political loyalty.

In many countries, political institutions are at the fore front in terms of preventing and fighting corruption. Studies demonstrate that countries with high quality institutions are less susceptible to corruption and bribery (Bujko et al., 2016). Where political institutions are weak officials act in a manner that puts their individual interest above everything else (Bujko et al., 2016). Bringing corrupt leaders, at local and national level, to justice requires effective political institutions and political commitment. This begins by having strong anti-corruption policies and laws. These policies and laws can be effectively enforced if there is strong political will and commitment, particularly, at a higher level. Existence of widespread corruption might suggest that there is a

low level of political commitment to fight corruption. As the data shows countries that failed to tame corruption and notorious for bad governance cannot provide an effective system of land governance. Without taming rampant corruption, it is unimaginable to create credible land institutions.

4.1.4. Land information asymmetry

Reliable and regularly updated land information is crucial to tenure security and for land market development. It is obvious that system of land administration that lacks regular land information update might not support efforts to provide tenure security and develop land market. According to Palmer (1998) land information has value only if it is up-to-date. Particularly, land transfer market depends on the accuracy and reliability of land information. Land registration is one way of ensuring that land information is accurate and reliable. 'Land records that are not updated do not have much value for securing current land rights' (Chen, 2007). Obsolete land information may create a room for manipulation by elite and land officials (Biraro et al., 2015).

In many developing countries it is difficult to get access to land information (Jones, 2010; Spichiger et al., 2013). Above all, it is not easy to get timely and reliable land information. This leads to land information asymmetry. The existence of information asymmetry creates favorable situation for speculation. Under such circumstances, people with inside information benefits. Moreover, information asymmetry results in high transaction cost as people engage in a search for reliable land information. These mostly affect vulnerable groups. Besides, it erodes public trust in institutions and encourages informality (Toulmin, 2008).

Countries level of economic and technological development are some of the factors that determine the degree of access to land information and frequency of land information update. The story does not end there. Even if the country has enough resources, in the absence of political commitment to transparency and public service it is not easy to avoid information asymmetry and also fail to update land information. It should be noted that there are well-connected groups to political elites benefit from information asymmetry and lack of land information update.

In general, institutional change cannot be successful without the provision of adequate information to all stakeholders (Toulmin, 2008). Timely land information should not be only for privileged groups. Access to information should not be too expensive for the poor. Information barriers need to be removed. Furthermore, information dissemination, before and during land formalization, particularly to inform the most vulnerable groups, cannot be materialized without a high level of political commitment and pro-poor policies.

4.1.5. Elite capture

In some areas political institutions are controlled by powerful interest groups. In a country with weak political institutions, elite manipulates institutions. Well-connected and powerful people enjoy better tenure security (Goldstein and Udry, 2008). However, elite capture encourages land hoarding. It also encourages expropriation and unlawful eviction (Bräutigam and Knack, 2004).

Besides, elite capture leads to misuse of economic and political power and engage in rent seeking behaviors. They involve in eviction for their own economic benefits and gains (Bujko et al., 2016). Strong and functional institutions are important to limit effects of elite capture. The elite restrains themselves from misusing their privileges only if they think there is a cost for violating laws, rules and regulations.

4.1.6. Bureaucratic obstacles

Many countries have introduced land formalization with the intention of creating efficient and effective land administration system. Nonetheless, most of the time the outcome is not what hoped for. In many developing countries, Jones (2010) writes, land formalization resulted in bureaucratic obstacles - too many procedures that the poor

cannot afford in terms of the time it takes and the cost involved. Bureaucratic hurdles are mostly responsible for corruption and bribery-problems that land agencies in developing countries are notorious for (Firmin-Sellers and Sellers, 1999; Hanstad, 1997). Bureaucratic procedures, besides increasing transaction cost, create loopholes that might be exploited by powerful people at the expense of the poor.

Formal land institutions have to cut procedural hurdles and costs to benefit people (ECE, 2013). However, according to Sikor and Miller (2009), too many bureaucratic procedures limit benefits formal institutions might offer. This can be improved by building capacity at organizational and societal level (Enemark et al., 2014). Level of service complexity affects peoples' perception about the institution (Zevenbergen, 2002). As discussed earlier, effectiveness, expectation and perception of a society define the credibility of institutions (Jones, 2010). Political institutions have a central role in terms of limiting bureaucratic hurdles and create effective system of service delivery. This might be realized by decentralizing land administration and management - transferring some responsibilities to local institutions. This might help to reduce bureaucratic hurdles. Nevertheless, this cannot be materialized without political commitment (Bouquet, 2009).

4.1.7. Weak organizational capacity

Institutional changes, such as land formalization, affect many people and sectors. Particularly, the effect of systematic land registration can be far reaching. This kind of national project requires considerable organizational capacity for successful implementation (Zevenbergen, 2002). The capacity to enforce laws and regulations (institutions) depends on the resource that implementing organizations have at their disposal. In general, capacities such as human, financial, legal and technical play vital role for successful implementation of land reforms (Leftwich and Sen, 2010). Similarly, after land formalization went into effect strong organizational capacity is required to continuously protect citizens' land rights and resolve disputes. Besides, effective implementation requires various agencies to work together (Leftwich and Sen, 2010), which necessitates the ability to forge a collaboration. In sum, organizational capacity is crucial to shape, implement and monitor institutions (Sjaastad and Cousins, 2009).

Many developing countries lack the required organizational capacity, nevertheless. Most of the time, donors initiate and fund institutional reform projects; usually for a short term. But reform institutionalization usually takes a long period of time until it penetrates institutional bloodstream and culture of public agencies (Sjaastad and Cousins, 2009). A weak organizational environment that does not guarantee functional and effective institutions, within reasonably short period, may frustrate people. It might discourage them from embracing new institutions. New institutions that are mired by weaknesses lose credibility and provide an incentive to people to stick to customary institutions (Clague et al., 1999).

4.2. The quality of legal institutions and land institutions' credibility

Data from IPRI 2018 demonstrates that there is a direct relationship between countries' quality of legal institutions and property rights protection. There is a strong positive correlation between property rights protection and rule of law ($r = .91$), and property rights protection and judicial independence ($r = .93$). The trend line also confirms that as the quality (score) of legal institutions (rule of law and judicial independence) decreases, the quality (score) of property rights protection decreases.

Luxembourg and UAE score 8.9 and 8.2 in property rights protection index. Luxembourg's rule of law and judicial independence score is 8.4 and 8.6 respectively. UAE scores 6.8 and 8.0 in the rule of law and judicial independence respectively. On the contrary, Zimbabwe, Mozambique, Honduras and Peru score in all categories very low. For example, Zimbabwe's and Peru's property rights protection score is 2.7 and 4.5 respectively. Zimbabwe score 3.3 and Peru 3.4 in judiciary

independence (Fig. 3).

Moreover, Mozambique's and Zimbabwe's IPRI judiciary independence score is 3.0 and 3.3 respectively. According to IAG Mozambique score 3.8 and Zimbabwe score 4.5 in judiciary independence (IAG, 2017). Here judiciary independence score for both countries, from two different organizations, shows little discrepancy. The score gap for Mozambique is 0.8. That of Zimbabwe is 1.2, a little over a point. Though there is a difference, data from IAG, particularly in judicial independence score, corroborates the validity of data from IPRI 2018 rather than discrediting it.

Land institutions are very much related to legal institutions. Most of them emanate from laws of countries. However, in the context of this study land institutions are rules, laws, regulations, customs, etc. governing land-people relationships. Here, the focus is on land use rights (customary and statutory), land laws and policies. And also issues pertinent to land related transactions, inheritance, subdivision, etc.

Quality legal institutions in a given country are paramount to ensure the rule of law. Rule of law is essential for protecting people's right and conduct business in an orderly manner. Its relevance, mainly, for protecting vulnerable groups' land rights, even under strong pressure from higher authorities, is important. Nevertheless, courts in many developing countries are subservient to the executive branch of government and failed to discipline politicians power abuses (Prado and Trebilcock, 2009). In some cases, courts are exposed to political meddling and corruption (Byamugisha, 2013).

In the absence of strong legal intrusions that upheld rule of law people's tenure security might be exposed to elite and state capture. Land rights enforcement and dispute resolution are two key areas that define effectiveness of land institutions in place. Land institutions, be it customary or statutory, that does not enforce land rights cannot enjoy legitimacy. Without legitimacy their durability is not guaranteed. Under formal institutions, courts are primarily responsible for land rights enforcement. Weak legal institutions, not well staffed and mired by corruption, cannot ensure effective rights enforcement, predominantly for the poor and vulnerable groups. Strengthening the wider judicial system and the rule of law are crucial (Byamugisha, 2013).

Strong legal institutions are crucial for protecting citizens from unlawful eviction and dispossession. It is this institution that ensures due process of law even during eminent domain use. In case land related disputes arise, citizens' resort to courts for dispute resolutions. Courts can provide a fair settlement if only they are independent and exhibit significant institutional capabilities to discharge its responsibilities. This is to a large extent depends on countries legal infrastructure. For success of land institutions, legal institutions that earn public trust is crucial. In Russia, studies by Puffer et al (2010) reveal, weakness in property rights is very much associated with the ineffectiveness of law enforcement bodies. Likewise, judicial corruption and incompetence are rampant in several developing countries (Prado and Trebilcock, 2009). This hampers its effectiveness.

The Western concept of private property rights cannot be separated from that of a legal system with an independent judiciary and credible machinery to enforce its judgments (Puffer et al., 2010). This is true for all countries that copied formal land institution that is similar in forms with that of the West. Best institution can be copied. But it cannot guarantee success in areas where legal institutions are weak and dysfunctional. There is no easy to provide secure tenure in areas where the rule of law and independence of the judiciary is weak. Finland, New Zealand and Luxemburg have one of the best property rights regimes in the world. These countries score high in the rule of law, independence of judiciary and control of corruption (Property Rights Alliance, 2018). To the contrary, Honduras, Mozambique and Zimbabwe's property rights protection record is poor. As normally expected from interdependent institutions, it is not surprising to see that these countries' score in rule of law, independence of the judiciary and control of corruption is low (Fig. 3).

4.2.1. Rights enforcement

Data from IPRI reveals that there is no correlation ($r = .27$) between property rights protection and property registration. Top ranking countries score high some countries scored well in property registration. Luxemburg, rank 9th IPRI2018 index, score high in property rights protection (8.6) and registering property (9.1). The gap between rights protection and rights registration is narrow (Fig. 4). For the rest countries include in the sampling, there is a wide gap between property rights protection and property registration score. For example, UAE, 21st in property rights protection has a better score (9.9) than Luxemburg (9.1), ranks 9th in property rights protection, in property registration. Countries with a dismal score on property rights protection has also scored remarkably high in property registration. For example, Zimbabwe, Mozambique and Honduras score 8.2, 8.7 and 9.0 respectively. Nevertheless, their respective score for property rights protection is 2.6, 4.5 and 4.6 (Fig. 4). These discrepancies underscore that land registration does not guarantee property rights protection.

Many countries embarked on a costly journey of land registration, mainly to improve citizens' tenure security. Tenure security, nonetheless, cannot be improved by a simple land registration. Above all, it requires continuous rights enforcement. It is difficult to enforce land rights in an environment where the rule of law and impartiality of the legal system is very weak. Without the capacity to enforce rights, for instance, having strong system of rule of law and an independent judiciary, it is hard to improve tenure security by relying only on land registration (Asiedu, 2006).

Under formal land institutions, land title certificate, Bromley (2009) argues, is a document that is intended to show state's commitment to protect landholders' rights in case of tenure security threat. The value of the certificate depends on the extent of rights enforcement. It is the duty of the state to provide effective system of enforcement. The state should respect the contract it entered with private parties (Asiedu, 2006) and at the same time act as a third party to provide an effective system of rights or contract enforcement (Zevenbergen, 2002). However, in some countries state is the biggest threat to tenure security - mainly by abusing eminent domain clause, through state capture or eviction. The reality is that land rights in many developing countries are usually poorly enforced.

Land formalization, theoretically, increases land transfer market complexity. It creates an opportunity for actors to enter the land transfer market. With the increased complexity and volume of land transfer comes opportunism, deceit and defection (Donnelly, 2005). Besides, weak enforcement creates opportunities for rent seeking (Zevenbergen, 2002).

Provision of reliable tenure security requires effective enforcement. However, land rights enforcement has remained the biggest challenge that many countries failed to address appropriately (Bromley, 2009). Because, proper enforcement cannot be achieved by simply proclaiming policy changes or enacting new laws. Study by Spichiger et al. (2013) reveal that in many countries, it is easier to enact laws than enforcing them. Rights enforcement requires, among many other things, effective court system, strong system of land administration and genuine government commitment (Bromley, 2009). Leftwich and Sen (2010) argue that if the state lacks willingness or the ability to enforce rules, institutions will eventually crumble. 'Without institutions to enforce property rights effectively, the rights presumably protected by the land registry may exist only on paper and have little practical value' (Deininger and Feder, 2009, p.239). Voigt and Gutmann (2013) write that 'a country's laws might promise extremely secure property rights, yet a country's prosecution agencies might do a lousy job such that few of the promises are actually enforced'. They emphasize that high degree of positive correlation between the two is required.

In countries like Honduras, Mozambique and Peru there is a lack of judicial independence to enforce land rights (Heritage Foundation, 2018). This is mainly due to lack of capacity, corruption and sometimes intervention from top authorities. Research by Frye (2004) shows that

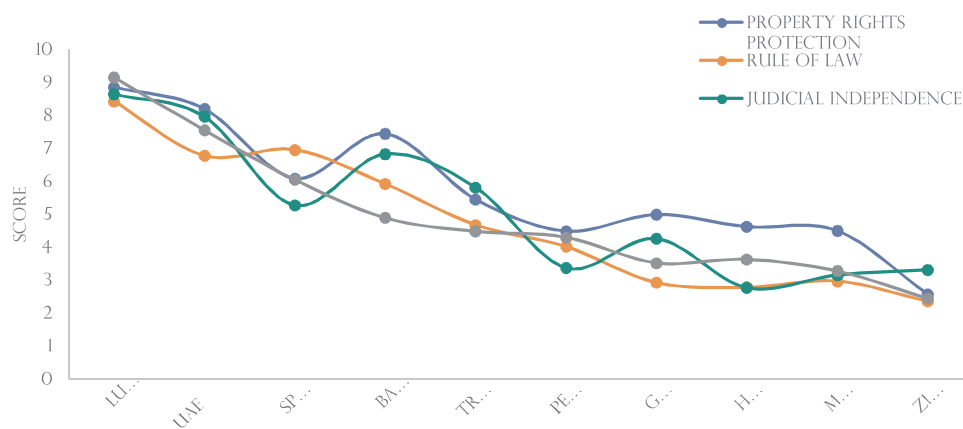


Fig. 3. Property rights protection and legal institutions quality. Data source: IPRI/ Property Rights Alliance.

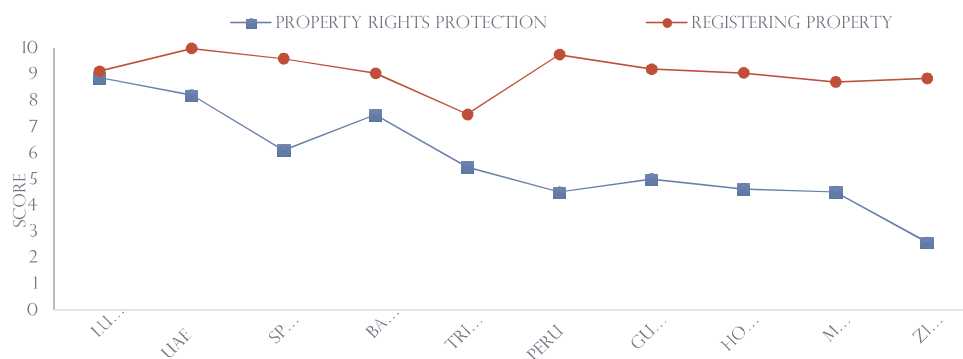


Fig. 4. Property rights protection and land registration. Data source: IPRI/ Property Rights Alliance.

managers in Russia do not believe that courts can protect their rights if disputes over land involves the state. This problem is evident in other places where there is no proper constraints on state agents and independence of the court is not sufficiently warranted (Frye, 2004). ‘If individuals cannot be confident of equal treatment by the judicial system, then the courts cease to be a dependable institution for dispute resolution and parties are forced back on the costly alternative of private enforcement’ (Haggard and Tiede, 2011, p.675).

In many developing countries, courts are inefficient, costly and corruptible. Countries such as Turkmenistan, Cuba, Bolivia, Eritrea, Nicaragua, Zimbabwe, Guatemala, etc. do not have effective judicial system (Heritage Foundation, 2018). Courts largely failed to check government officials’ power abuse; especially the executive branch (Alon and Hageman, 2017). Rodrik (2008) findings show that firms in Ghana do not heavily rely on court for land rights enforcement. In general, lack of rights enforcement force people to consider formal land institutions as untrustworthy. This weakness in formal land institutions emboldens informal institutions. Atwood (1990) claims that in some African countries, where formal land institutions are in place, people greatly depend on informal institutions for rights enforcement. This might suggest that people have little trust in formal institutions. This challenge is still evident in many countries.

4.2.2. Dispute resolution

Land related disputes, for instance in Ethiopia and Ghana, account for about 50% of all cases brought to court rooms (Byamugisha, 2013). Land disputes, according to Byamugisha, usually better resolved and adjudicated by customary institutions. In countries where customary institutions are weak people depend on formal (legal) institutions for land dispute resolution. But it is competent formal institutions that resolve land dispute efficiently and effectively. However, in many

developing countries courts usually fail to deliver justice. Weakness of the judiciary badly affects the poor and vulnerable groups such as women. Judiciary fairness and effectiveness, moreover, are essential for the poor; particularly to fight corruption and land grabbing.

The overarching objective of many land law reforms is to provide tools for resolving land conflicts. Nonetheless, the reform process can trigger future conflicts (Collins and Mitchell, 2017). Strong legal institutions, particularly judiciary, must be in a position to deal with disputes that arise as a result of land formalization. Weak and biased judiciary cannot stand up to powerful government officials who abuse their office (Rithmire, 2017) and engage in land grabbing and corrupt practices that might pose threat to citizens’ tenure security. Inefficient judiciary makes legal redress costly and cumbersome. Zimbabwe and Mozambique do not have effective judicial system which is responsible for dispute resolution, including land related. Obviously, the two countries score low in property protection (Fig. 3). Study by Tonoyan et al. (2010) reveal that entrepreneurs in Russia, whenever there is a dispute over rights, do not resort to the courts for resolving disputes. This is due to the fact that the court is widely regarded as a corrupt institution.

4.2.3. High cost of transaction

Transaction cost is associated with institutions. It is a cost for enforcing land rights and policing it. It is also associated with access to land information. According to North (1990), it is mostly the cost that people or organizations incur due to information asymmetry. The nature of institutions has an effect on the transaction cost (Khan, 2010). Effective and efficient institutions, easy access to land information and efficient system of land rights enforcement, reduce the transaction cost (Deininger and Feder, 2001; Monkkonen, 2012). On the other hand, complexity of procedures and bureaucratic hurdles pushes transaction

cost high.

Transaction costs affect the land transfer market. Low transaction cost stimulates the land transfer and encourages people to rely on the system for rights enforcement. Usually, high transaction cost is an impediment that discourages people from participating in the formal land transfer market (Deininger and Feder, 2001; Monkkonen, 2012). By doing so, it encourages people to engage in informal land market. Similarly, in the absence of strong rights enforcement from the state, people use their own means to protect their land rights. Generally, for tenure security and land transfer market people avoid relying on formal institutions if they realize that formal institutions are untrustworthy - they resort to informal institutions (Acemoglu and Robinson, 2012). Legal institutions, particularly court system, plays central role in terms of enforcing and policing land rights, which are key factors responsible for high transaction cost. High cost of policing rights and enforcing contracts make people lose confidence and trust in institutions - i.e. institutions lose credibility. Trusted institutions, Alon and Hageman (2017) claim, reduce transaction cost.

5. Conclusion

There are different types of institutions such as political, economic, legal and social institutions. These institutions matter because they define the economic, political, legal, etc. outcome. However, it is not the mere existence of institutions but their quality that leads to the desired goals and reaching of objectives. That means the quality of institutions define its credibility. That is why countries with similar institutional forms differ in terms of institutional functionality or credibility. It is important to understand that there is nothing like fully credibility or totally noncredible land institutions – what exists is a continuum of institutional credibility.

Institutions affect one another. The degree to what extent, for instance, the quality of politico-legal institutions affects the quality of land institutions, however, is not well established. This study focused on establishing the correlation between the quality of politico-legal institutions of a given country and its land institutions' quality. Understanding this is imperative to understand the interdependence between various institutions. Indeed, knowing the degree of independence among institutions helps policy makers to focus on a comprehensive institutional reform program. This is crucial to achieve a better result; particularly when embarking on reforming land institutions. This is mainly true for developing countries.

This study analyzed a correlation between land institutions' credibility, measured in terms of its quality, and politico-legal institutions. To measure the quality of politico-legal institutions, various indicators such as political commitment, rule of law, judicial independence, corruption control, level of enforcement, etc. have been used. Countries' property rights protection score from Property Rights Alliance has been used as a barometer of land institutions' quality. Based on systematic sampling technique ten countries have been selected for this study. These are Luxembourg, UAE, Spain, Bahrain, Trinidad & Tobago, Peru, Guatemala, Honduras, Mozambique and Zimbabwe. The study reveals that there is a positive correlation (interdependence) between land institutions' quality and the quality of the political institutions of these countries. Countries with high-quality political institutions such as Luxembourg and Spain score high on land institutions quality (property rights protection index) as well. Here, high score in political institutions (political and civil rights) corresponds with high property rights protection scores. Nonetheless, UAE and Bahrain, countries with low quality political institutions has high quality land institutions. The case of these two monarchies can be seen as an outlier. The study reveals that, in most of the cases, countries with poor-quality political institutions has also poor-quality land institutions. For example, Honduras, Mozambique and Zimbabwe score very low in political institutions (political rights and civil rights). Correspondingly, these countries' property rights protection score is low as well.

Moreover, there is a strong correlation between land institutions' quality and the quality of legal institutions (rule of law, judicial independence, etc.) of countries. Luxembourg, a country with high quality legal institutions, score high in property rights protection (land institutions quality). As the quality of legal institutions decreases, the quality of land institutions decreases. Mozambique, Honduras and Zimbabwe's property rights protection score are poor. Predictably, their legal institutions' quality is also poor. In general, high score in legal institutions corresponds with high score in property rights protection and vice versa.

From the analysis it appears that the quality of legal institutions affects tenure security more than the quality of political institutions. UAE and Bahrain, as mentioned above, scores high in property protection despite having terrible score in political institutions. On the other hand, Spain, Peru, and Trinidad & Tobago score high in political institutions quality. However, their property rights protection score is low. Among legal institutions' variables considered in this study, it seems the quality of judicial interdependence is by far the one that plays central role in determining the level of tenure security. Bahrain's and UAE's judicial independence score is significantly higher than Spain' score. As a result, both countries' property rights score is well above Spain's property rights score.

The study underscores that institutions are interdependent. The interdependence between land institutions and politico-legal institutions are strong; with strong a correlation coefficient. This means it is very unlikely to have quality and effective land institutions in a country that does not have strong politico-legal institutions. This underscores that reforming land institutions alone, without reforming, for instance, political and legal institutions might fail to produce positive results. This makes the need to take a comprehensive approach when reforming land institutions. Creating credible land institutions require more than just a simple land formalization. It requires addressing challenges ailing other institutions, particularly complementary institutions.

Moreover, it became evident that it is difficult for a country that does not have quality legal institutions to provide tenure security. Because, enforcement is what makes formal institutions function. It is clear that land registration and titling, land formalization, in a country that has poor politico-legal institutions, do not ultimately lead to high level of tenure security. UAE and Bahrain seem the only exceptions. Here, the gap created by weaknesses in political institutions seems to be filled by their well performing legal institutions (judicial independence and rule of law). In general, land formalization, to produce better outcome, should be accompanied by reform of a wider governance system including improving rule of law, judicial independence, control of corruption, political and civil rights.

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