

## Property Rights for Poverty Reduction

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**R**ights over land and other natural resources play a fundamental role in human society. The distribution of wealth and poverty is a reflection of underlying property rights. But reforming property rights to give poor women and men greater access to and greater control over resources is not an easy task. This chapter explains why property rights are important for poverty reduction, describes the challenges faced in attempting to strengthen the property rights of poor people, and identifies potential policies for overcoming these challenges.

### Why Do Property Rights Matter for Poverty?

#### Property Rights Provide Assets for Livelihoods

Land is a critical asset for the rural poor. It provides a means of livelihood through the consumption and sale of crops and other products, and in many cases it can serve as collateral for credit or be exchanged for capital to start up another income-generating activity. Because the landless are excluded from these opportunities, they are often among the poorest. Data from South Asia, home to 40 percent of the world's poor, show that poverty is strongly associated with landlessness and insecure access to land. In Bangladesh, for instance, the landless and nearly landless (those who own less than 0.2 hectare) make up two-thirds of the poor. Without access to land, the landless depend on employment from other farmers or nonfarm income sources, but the growth and stability of such employment also depend on the growth of incomes (and thus spending) in local farming. Off-farm employment opportunities are often limited in rural areas with imperfect labor markets and a low stock of human capital among the landless poor.

Because access to land is often crucial for the livelihoods of the rural poor, it is also key to their food security; even if sufficient food is available overall, if people do not have access to the sources of food, they will be food insecure. For those with access to land, the strength of their rights over the land shapes their incentives for continued production. Stronger land rights will help ensure both their food security and a steady supply of products to the local market. Thus, land rights affect food security from the individual to the national level. Moreover, research suggests that land tenure increases investment in the human capital of children. Therefore, property rights are particularly important in shaping who has entitlements to food and may serve as an instrument to prevent the intergenerational transmission of poverty.

In addition to being crucial for food security and stable livelihoods, land provides a buffer to smooth consumption during shocks. When a shock affects labor and food markets, those who have access to land can turn to their farms for self-employment and food production. In cases of crop failure or other distress, landowners can sell or mortgage their land to meet basic consumption needs. Access to land alone is not enough to successfully deal with risks; its real value during a shock depends on the ability to manage it, transform it into income, and benefit from it based on the property rights regime. Those with secure rights to land also benefit when its value increases, allowing them to sell the land at a higher price or to put it to more profitable uses. For example, with urban expansion, even small farmers can make large profits by converting their land to housing, whereas land users without secure ownership rights are squeezed out. But to benefit the poor in the long run, land sales must be based on complete information about the value of the land and do more than provide for immediate needs. Poor people need alternative assets or livelihoods so that land sales do not lead to greater impoverishment.

#### Property Rights Include Common Property

It is not only agricultural land that matters; other resources—including water for irrigation and household use, trees, rangelands, wetlands, and water bodies—play critical roles as major or supplemental sources of livelihood. Many of these resources are owned commonly, not individually. Access to the commons is a key source of food, income, and productive resources. In fact, common property areas such as wetlands, forests, and pastures constitute more than 30 percent of the total land area in Africa. In India, community forests contribute up to 29 percent of the income of poorer households, accounting for more than US\$5 billion a year. The commons not only serves as a vital source of livelihood, especially for poorer and marginalized people, but also plays an important role as a fallback option for people to tide them over in difficult times.

### Property Rights Have Social, Political, and Household Implications

Rights over resources have multiple meanings and implications for poverty reduction. In many rural societies, landownership is an indication of a person's social identity and social standing. This position in turn shapes access to many government services, influence in local politics, participation in social networks, and intra-household relations. Extension agents focus their attention on landowners, often to the exclusion of their wives, children, or tenants.

Whole communities are too often deprived of government services because they are not recognized as landowners. For instance, the Ogiek, a hunter-gatherer community in Kenya, have over the years challenged the government's actions limiting their access to the Mau forest complex, one of the few remaining indigenous forests in Kenya and a strategic water catchment area. Globally, control over land and territories has become a major issue for ethnic minorities and indigenous communities. Membership in many water users' associations is restricted to landowners, depriving other users of a voice in managing this critical resource. In addition, secure land rights enable the poor to participate in the political process without fear of losing their source of livelihood. Therefore, securing property rights for the disadvantaged elements of a rural community can increase their participation in community life and their presence in the local political arena, which can have positive effects on their well-being.

Even the distribution of property rights within the household matters. When women depend on fathers, husbands, sons, or other men for land, their access depends on the quality of their relations with those men, and wives often lose their land when they are widowed or divorced. Women with secure rights to land are more likely to engage in independent economic activities and to have stronger bargaining power in the household and the community. This strength, in turn, contributes to the welfare of the household and enhances investment in the education and welfare of children.

Long-term security of land tenure provides an incentive to invest in production and conservation technologies that can improve crop yields and facilitate more sustainable use of land and other natural resources. People will not make such long-term investments, however, unless they have the right to plant, harvest, and benefit from those investments—factors linked with rights to the land. Even within a household, if women or young people do not have land rights, they cannot make such investments. Thus, property rights are a tool to promote environmentally sound management, which in turn can help to sustain the benefits from natural resources (Table 17.1).

**Table 17.1 The multiple functions of land rights**

Functions	Examples
Economic functions	Productive activities (farming, livestock rearing) Land sales and rentals Benefits from land appreciation Investment incentive effects
Food security	Source of food and income Buffer against sudden price increases
Reduced vulnerability / shock mitigation	Source of food and employment Collateral for credit
Social functions	Income from land sales and rentals Social standing / bargaining position within the household, community, and nation Membership in groups Cultural identity Religious functions
Conservation	Authority to make decisions, investments Incentives for sustainable management

Source: Compiled by the authors.

## The Challenges of Strengthening Property Rights

Efforts to create policies and programs that promote tenure security confront many challenges. No universal prescription can apply, because tenure regimes need to adapt to the nature of the resource and the society in which they operate. Systems that are appropriate in irrigated areas may not work for rangelands or forests; those that are suitable in a highly individualized society may not be appropriate where traditions of collective resource management are strong, and vice versa.

### Property Rights Have Complex Meanings and Sources

To create effective poverty reduction strategies based on enhancing tenure security, it is important to remember that for rural people, land is a critical asset that has multiple functions and meanings. In addition to its economic function as a source of food production and income, land has social and political value, as well as important religious and cultural meanings (as in the case of ancestral lands, for example). For many indigenous people, land has implications for the identities of individuals and communities. Therefore, policies that address only the economic value of land may be resisted, even violently.

To understand the complexity of property rights in practice, it is important to move beyond state-issued titles to land to recognize the existence of multiple sources of property rights. In any given community, access to land and related resources may depend on the following types of laws and interactions among them:

- international treaties and laws,
- state (or statutory) laws,
- religious laws and practices,
- customary (formal and informal) laws,
- project and donor rules (including project or program regulations), and
- organizational rules (such as rules made by users' groups).

Policies that consider only state law may undermine the access to and use of land on which local people depend. When government legal systems are more accessible to those with education, money, or a central location, the poor and marginalized may depend more on customary or religious bases for claiming rights to resources. But it is important not to idealize these bases: customary practices can also disadvantage women or poorer people. In such cases, government intervention can help strengthen the claims of weaker members (as in Mozambique's new family law and land law). This process is not automatic, however: a woman may not want to incur social sanctions by claiming stronger land rights from her husband, or a tenant may not want to risk losing other help from a landlord-patron. Legal reforms can provide a foundation for change, but if they are to have any effect, they must be carefully implemented to ensure that people know about the laws and have access to the relevant authorities.

What matters is not necessarily full "ownership" of land but tenure security. Many people have restricted, overlapping, or conditional rights to use and manage resources, such as rights to graze animals or harvest certain products from land officially "owned" by the state or by other people. Simplifying land rights to give complete authority to the owner of the underlying land in the name of apparent efficiency can cut off these other claims, which are important for the livelihoods, social standing, or security of others. When these claims are eliminated, the poor and marginalized often suffer most.

#### Land Is Scarce

Another challenge is the fact that there is only so much land. With a growing population and related needs for food, water, and other resources, the rural poor will continue to be disadvantaged in their quest for secure livelihoods. In many developing countries where other economic activities are lacking, land continues to be the main productive resource, and both the economy and people's livelihoods heavily depend

on agricultural and other natural resources. But the holding of land may be skewed in favor of some groups, excluding the poor. In some cases, the poor are forcefully removed from land to make way for what are deemed to be more productive uses of the land, such as foreign investment, urban development, or new infrastructure such as dams. Dispossession from land entails loss of the resources on which people depend for their livelihoods. When poor people have been exercising rights to land without formal legal recognition and the rights granted to new users have their basis in law, poor people's rights are obliterated without compensation, so they become even poorer. In such a context, compensation must address the unjust expropriation and extinction of the rights of the poor. When common property is expropriated, whole groups may need to be compensated. Justice also demands that the terms of compensation be mutually agreed to by all concerned parties, which may include restitution of the land when possible. Because land has many continuing values besides its "sale" price, a lump-sum payment may be inadequate, especially when the money can be siphoned away to cover immediate expenses. Instead, alternative assets that provide a flow of benefits need to be identified.

#### The Poor Are Diverse

The third challenge is ensuring the inclusion of all the poor. Among people identified as poor and excluded from landownership and access, there are other forms of exclusion based on caste, gender, and age. Some of the poor, like the Ogiek and other indigenous communities, have customary land rights that are an important source of their identity, but their customary rights do not enjoy recognition and backing by the state. Others, like many dalits in India, are fully landless. For them, acquiring even a small plot of land can be an important source of dignity. Women may be excluded from ownership of family land by state or customary law, or gender norms may keep them from asserting rights over inheritance. Social exclusion, whether deriving from ethnicity, lack of education or knowledge of the dominant language, or gender-based restrictions, can prevent many of the poor from taking advantage of programs. To meet the needs of different groups, programs must recognize these differences instead of targeting the poor as monolithic communities. Otherwise, programs for the poor may result in greater marginalization for some segments of the rural population.

#### What Can Be Done?

Policies are needed to ensure that the poor have secure access to land and other vital resources. Law remains a useful policy instrument in allocating property rights. It can be used creatively to change property rights holdings and to ensure that the poor have access to the land they need for survival. But because property

rights must be tailored to the physical, social, and economic context, there are no universal prescriptions. Policies must consider not only economic productivity but also issues of equity and less tangible considerations such as the social or religious significance attached to land.

#### Ensure Access by the Poor

Redistributive land reforms have enabled millions of people to gain access to land. Experience has shown that such land is not always given to the very poor or to women. It is therefore critical to ensure the provision of information and transparency in the land redistribution process, including through local participation in identifying the poorest who need land, and the inclusion of women in the titles or certificates that are issued. Where there is strong objection to women's having independent land rights, granting rights to a group of women can be more socially acceptable. Acquiring land to redistribute, however, is difficult in many countries. As private landowners protest or seek to circumvent redistribution, land that is formally state owned may be redistributed instead. In such cases, careful examination of the prior land uses and beneficiaries is needed to ensure that this assignment of rights does not take land away from existing uses on which the poor depend. Land markets, including rental markets, offer another way of expanding landless people's access to land and its benefits and allowing those with underutilized land to gain income from it. But care is needed to ensure that land markets work in favor of the poor and are not exploitative. For example, safeguards against distress sales are needed, and poor people need better information about rising land values. Other types of land tenure reforms, including stronger recognition of customary tenure and rights to common property, can play a key role in ensuring secure access of the poor to the resources on which they depend.

Once a country establishes normative provisions on inclusion in any type of land tenure reform, it must ensure that the poor have access to these provisions. It is useful to consider the impact of policies from the standpoint of a poor rural woman. For such a woman to have secure tenure that enables her to invest in and benefit from land, her community must have rights over resources, her household within the community must have rights to the land, and she must have secure rights within her household. If these conditions are not met, different policies are needed to address problems at each level. These could include policies for stronger recognition of community rights to common property, provision of credit or rental markets to help make land available to landless households, and changes to family and inheritance laws to give women stronger rights over land. Even if changes are made, a woman will not benefit from a land policy unless she knows about it and has access to the implementing agencies. Meeting this condition may require legal literacy campaigns to inform the public as well as the authorities. In many cases,

improvements in supporting institutions—such as credit facilities, labor markets, institutions related to water or other resource use, and extension services—are also needed so that the poor can use the land effectively.

#### Build on Customary Arrangements

Effective land policies must take into account that in many rural areas, especially in Sub-Saharan Africa, government land administration systems are very different from the customary arrangements. Land titling policies that ignore traditional tenure regimes might take a long time to implement (given the absence of supporting infrastructure) and lead to greater impoverishment and inequality in landownership, especially when those with better education or connections have better access to titling processes. In addition, interventions that promote individualized land rights and disregard existing or potentially beneficial common property provisions can worsen the distribution of land within the community. Therefore, statutory land titling policies must be carefully selected and harmonized with existing arrangements, which may demand the creation of innovative dual property rights regimes, looking for features of each system that safeguard the interests of the poor and disadvantaged.

#### Acknowledge the Many Values of Land

Political discourse on property rights should be framed in a way that recognizes the multiple values of land—as an economic resource that should be managed productively, a significant resource to which members of society should have equitable access, a finite resource that should be utilized sustainably, and a cultural heritage that should be conserved for future generations. This approach ensures the inclusion of diverse interests, values, and persons in property relations and enhances the visibility of less obvious vulnerabilities. It can thus facilitate the formulation of policies that target various categories of people and ensure sustainable use of resources.

#### For Further Reading

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