

# **Pro-Poor Land Governance**

## **Improving the Resource Rights of Poor Households: A Pre-Condition for Poverty Reduction and Rural Economic Growth**

A Presentation by Bruce H Moore to the Asia Pacific Working Group Symposium  
Ottawa, Canada  
15 April 2010

Three of every four people in developing countries depend on agriculture for their livelihood, making it ironic that hunger and poverty is most prevalent among those who grow food, specifically smallholders and farm workers.

Understanding the central role of property rights in economic development is not new. Resource rights, especially land rights, have been integral to international agreements for over 30 years, ranging from the Peasants Charter of 1979, the outcome of the FAO World Conference on Agrarian Reform and Rural Development, to the World Food Summit, the Beijing Summit on Women, the Convention to Combat Desertification, the World Summit on Sustainable Development, the Convention to Combat All Forms of Discrimination Against Women, and the Millennium Development Goals. These are some of the ways and places where secure access to land and related productive factors has been regularly reconfirmed as being basic to poverty reduction, food security, sustainable natural resource management and national economic growth. The expanding community of national and international support for pro-poor land policies and for democratically accountable land governance is grounded in an understanding of the cross-cutting role that land issues play in development. They are also the outcome of the efforts of peasants and development actors, combined with empirical research and the measurable reductions in poverty attributable to the poor gaining security of land tenure..

In the absence of secure land tenure, poor rural people lack the incentives to conserve or invest in the productive qualities of the land. They face the daily risk of being expelled, only to have the benefits of their labor and investments expropriated by landowners. Understandably, they take from the land, with a near term view not having the confidence to invest in its long term productivity.

Fortunately, policy-makers are coming to realize that pro-poor land governance not only benefits the landless and rural poor, but also produces benefits for the wider economy and society. While social justice and human rights remains a vitally important building block of a stable society and robust economy, pro-poor land governance is more than a 'rights-movement' albeit rights-based.

1. **Food Security.** Smallholders, on average, with access to productive factors, grow more food per unit of land than large scale or commercial farming. In aggregate terms this means more food to feed growing populations. This is essential since, in most countries, the amount of productive land is limited. Feeding current and future populations means growing more food on land currently being cultivated, including idle cultivatable lands.
2. **Sustainable Natural Resource Management.** Smallholder agriculture is suited to sustainable agricultural which does not rely, or relies less, on chemical agriculture and thus carries less risk of polluting the long-term productive

qualities of soils while also reducing the health risks of absorbing questioned chemicals into the food chain.

3. Environmental Sustainability. Security of land tenure is the incentive for the rural poor to invest in the long-term sustainability of the resource base – land, water, forests, coastlines and associated fishery resources. This incentive is witnessed, for example, in the restorative investments of peasants in tree planting to replenish watersheds and desertified lands.
4. Democracy. Societies with more equitable resource distribution have a dramatically improved governance, characterized by public policies responsive to the wider needs of all sectors of society, public consultation and reduced abuse of public funding. These societies enjoy improved levels of peace and security and attract more direct foreign investment.
5. Conflict Resolution. Land related conflicts have been the single most common cause of civil wars in the post World War II period. Secure land tenure, while an implementation challenge in peace accords, has been an essential factor in reaching peace agreements.

Let me put these shared benefits in a more practical form.

First, while the phenomena of urban growth is complex, it is accelerated by the lack of livelihood choices in rural communities. Rural neglect and urban poverty are directly linked.

Second, rural investments have a multiplier effect on the overall national economy. For countries with large rural populations, studies by the International Food Policy Research Institute, verify that every dollar invested in agriculture has a two dollar multiplier effect in the economy. The effects on the chain from producer, to processor, to retailer and the household consumer has both rural and urban benefits.

Third, the water crisis is often associated directly to degraded rural lands and deforestation. Water tables are falling, a consequence related to lack of tenure security. This affects urban and rural water supplies.

Fourth, the environmental benefits include capturing greenhouse gases, a benefit that can not be cast as an unaffordable conservationists point of view. It is a benefit that accrues when landless people have the security to invest in their lands thus producing a spin-off benefit for society as a whole.

However, these benefits are often denied by powerful vested interests and political leaders. Self-interest and political power stand in the way. As such, the struggle for pro-poor land governance may be illustrated in mathematical form as:

$\text{Pro-poor land governance} = \frac{\text{Land Tenure} + \text{Support Services} \times \text{Peoples' Participation}}{\text{Powerful vested political interests} + \text{landowner resistance}}$
--

Put otherwise, pro-poor land governance is the process of defining who has the right to use which land, for which purposes, under which conditions and for how long.

The history of land reform provides two important lessons. First, redistribution needs to occur within conducive and enforceable legislative, regulatory and judicial systems. Second, land redistribution must be productivity enhancing, meaning that the beneficiaries need access to the factor markets to improve and reward productivity – including access to training, technology, infrastructure, credit and markets

The central question may be “What are the conditions under which land redistribution can be poverty reducing in an increasingly integrated global food economy ?”.

The following six subjects may provide a framework for examining the viability of pro-poor land governance: (i) Agriculture for Development; (ii) The Political Economy of Agriculture; (iii) Competing with Subsidized Imports; (iv) Mechanisms for Cost-Effective Redistribution (v) Investing in Smallholders; and, (vi) Redistribution – A Way out of Agriculture.

### 1. Agriculture for Development Strategies

Governments need to establish policies and programmes to promote agriculture, in particular smallholder agriculture which is imperative for reducing poverty. This means reversing the trend of declining national investments in agriculture. Between 1980 and 2002, government spending on agriculture as a budget proportion fell from 6.4% to 4.5% in Africa, 15% to 5.6% in Asia and 8% to 2.5% in Latin America (WDR 2008) While agricultural production is necessary it is not a sufficient condition for poverty reduction. An agriculture for development strategy requires more than investments in production. The strategy must create the enabling conditions to improve the incomes of the poor, at all possible points along the value chain, giving particular attention to improving farm gate prices in relation to retail market prices. An Agriculture for Development Strategy while needing to improve incomes by enhancing productivity, also needs to recognise that the rural poor depend upon multiple income sources, giving importance to helping farming families to earn income in post-production processes and marketing. An Agriculture for Development Strategy is a fundamental platform to make agriculture a central pillar of national economic growth and for seeking appropriate levels of budgetary support. Such strategies can provide the political commitment and enabling conditions needed to make redistribution commercially viable.

### 2. The Political Economy of Agriculture

The poor, the target beneficiaries of redistribution, need to develop their own institutions to overcome their currently weak negotiating position. Most frequently, legislative, regulatory and judicial systems are in the hands of the powerful non-poor. This results in macro-economic policies and agricultural services that favour the interests of large scale farmers, in such forms as:

- public infrastructure, such as access to roads, transport, energy and water;
- favoured financial conditions including access to credit, taxation benefits and tax exemption on idle lands;
- preferential pricing for inputs;
- better access to market information and marketing services; and,
- agriculture research that is biased to large scale production systems.

Today there are expanding market demands for high value crops, presenting niche opportunities for smallholder-led agriculture. Smallholder agriculture has been both undervalued and dismissed as being unable to meet the demanding requirements of value chains, including the expanding supermarket phenomena, for high volumes of standard quality, on-time-delivery and meeting certified photo-sanitary conditions. To the contrary, smallholders are often well suited to meet the demands for high value crops and economies of scale through the strengthening of producer organisations and related marketing structures. Contract farming and out-grower schemes have shown that smallholders can meet the value chain requirements. While contract farming has been to the benefit of the contractors and not to the producers, smallholder producer organisations can establish the same systems to meet the market demands while capturing the income benefits for their members.

### 3. Competing with Subsidised Imports

Agriculture-based economies will need to establish their own unique forms of protection or import substitution to confront another irony. The ethos of the liberal market economy and the demands of the global donor and financial agencies are for markets to be free from subsidies, at the same time as North American and European agriculture products continue to enter developing markets through highly subsidised production regimes. The commercial viability of land redistribution will require that smallholder production receive public forms of support in order for their products to compete with imports and to reach regional and global markets.

### 4. Mechanisms for Cost-Effective Redistribution

The cost of land to be redistributed is not only an issue of the costs to be carried by the beneficiaries and the debt servicing implications for its commercial viability, but also the overall cost in terms of public funds. Redistribution, on the scale needed for smallholder agriculture to become an engine for development, requires that land can be acquired at fair prices. Land redistribution systems have most frequently resulted in speculative land prices combined with complex legal and costly transaction procedures. There is a growing body of experience on how land funds can be established to bring controls and effective negotiations on the price of land and its access by the poor. The price of land, to be borne by the beneficiaries of land redistribution, must be rigorously considered in terms of the income returns that can be realised, particularly in the period when beneficiaries are acquiring the capacity to increase their production, when production is often at a sub-optimal level, making the risk of indebtedness a significant issue. The case from an International Land Coalition (ILC) partner in Ecuador, the basis of the cited publication "The Cost of Land", illustrates how market failures (e.g., landless families are in weak position to negotiate, lack of information about prices or land quality) may prevent poor families from accessing productive land through the market, even with land funds in place, without adequate support. The national NGO, FEPP, focused on negotiation and information, to address power and information asymmetries. The existence of a land fund was not itself the key issue, but whether and how landless families could increase their power and ability to make use of the funds, in ways that would both reduce these market inefficiencies and increase equitable land distribution.

Similarly, the work of Pakisama/AR Now, another ILC partner, whose work in supporting paralegal training in the Philippines, illustrates the presence of institutional failures and the need to address these. Farmers that receive land through agrarian reform face legal challenges by former landowners. In order to adequately defend their rights, farmers must understand the legal process, know how to represent

themselves in front of state legal bodies, and have access to legal aid services when expertise is needed.

In summary there is need to anticipate and identify market and institutional failures and to make investments in initiatives to address these, which may not always be through state-led programs, but through initiatives by NGOs, farmers organizations and other community-based organizations.

## 5. Investing in Smallholders

Smallholder agriculture can become commercially viable for many of the reasons already stated. Additionally, smallholders will need effective producer organisations that can represent and negotiate their interests which requires that these organizations receive the support needed to develop their capacity to, inter-alia:

- represent smallholder interests in public policy making, to defend their rights under changing conditions of agriculture and trade, and participating in decision-making related not only to their land rights but to public investments in the infrastructure needed for smallholder agriculture to be viable;
- facilitate territorial planning through the active role of producers in developing a viable land use plan that optimises the use of the resources of their territory. These plans need to including the development of appropriate farming systems and complementary non-farm job opportunities, including the provision of work between cropping periods and upstream and downstream jobs within agricultural chains;
- gain support for production enhancing research for the crops and products of smallholder producers;
- gain and provide access to training and technology;
- provide not only market information but develop systems to collectively meet market requirements; and,
- advocate for policies that will lead to decent conditions of work in agriculture, since the beneficiaries of land redistribution often depend on multiple sources of income, frequently involving work on plantations and for larger farmers.

## 6. Redistribution – A Way Out of Agriculture

Agriculture, especially smallholder farming, has always been a hard way out of poverty. While most past and current efforts to move out of agriculture have been driven by land insecurity and therefore livelihood insecurity, land redistribution will not necessarily result in all beneficiaries remaining in farming over time. For those who may wish to leave agriculture, land redistribution may make it possible to leave farming with assets with which they will have other livelihood opportunities. Today, those leaving rural areas tend to move from poverty in the country-side to poverty in the city. They are no more able to escape poverty in either locale, since they lack essential social, economic or physical assets to start a productive life elsewhere. The beneficiaries of redistribution may use their improved incomes to ensure that their children have better schooling and acquire employable job skills. This may mean that the family will continue in agriculture, but the next generation will transit out of agriculture with opportunity. For other families who decide to leave agriculture, they may rent or sell their land thus having the income to invest in self-employment. In these two examples, land redistribution will have helped to build social capital and physical assets which open new opportunities for those families who were asset poor before redistribution. Land redistribution becomes the foundation for building household assets. As the beneficiaries of redistribution improve their productivity,

they will tend to using their increased incomes to acquire other farming assets (draught animals, implements) and convertible household assets.

Furthermore, the improved assets, derived from land re-distribution, may not only improve family resources and future job/income choices, but may also reduce fragmentation. Parents will be more able to provide their children with assets, as in the above example of job skills, reducing the need to further fragment the land, as when parents had no other way to endow their children. Under this scenario the redistributed land may not only be less likely to be fragmented below the level of commercial viability, but land may become re-consolidated into higher economies of scale, over one or several generations, which may further raise the viability, while having used the land, through redistribution, as a transition strategy.

In closing, the viability of land redistribution is as much a political issue as it is an issue of production economics. The benefits to land reform beneficiaries of gaining access to the factors of production and to markets can be short lived if the beneficiaries do not have well organised and politically engaged institutions to represent their interests and the rule of law to protect their rights. Strengthening producer organisations thus becomes an essential and cross-cutting pre-condition for the viability of land redistribution programmes.

Bruce H. Moore  
203-11 Durham Private  
Ottawa, ON K1M 2H7  
613 746 4817  
<brucehmoore@gmail.com>