



Tenure and Development Strategy

The topic of "tenure" has often been debated in the development literature. What exactly does "tenure" mean? And how is it relevant to the present goals of the development community? This bulletin attempts to respond to those two basic questions.

The Meaning of "Tenure"

When people think of "tenure," they often think of agrarian reforms, the old Alliance for Progress, or perhaps land titling projects. But tenure issues are much broader. Tenure relates to property ownership. We can talk about tenure or ownership of land, water, buildings, forests, oceans or even intellectual property. As such, tenure concerns are not usually a goal in themselves, but rather tools to reach some other goal. And property ownership questions are everywhere! As presented below, resource tenure issues are cross-cutting issues in nearly all strategic objective areas.

Broadly Based Economic Growth

The major factors of economic production are land, labor, and capital. To seriously promote sustainable economic growth, especially for disadvantaged groups, donors should address each of these factors because, at some levels, they are substitutable.

There now exists in Latin America a great opportunity to liberate land markets to spur economic growth, especially for disadvantaged groups. Most research demonstrates that *campesino*-owned farms are often more productive than larger estates. Yet the landless and land-resource poor for years have been locked out of participation in the market due to economic barriers. The agrarian reforms of the 1960s tried to solve this market failure by substituting a political solution—

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redistribution of wealth—for the economic structure in existence. For a variety of reasons, most of these reforms did little to correct the underlying structural imbalance.

Today, correction of market defects may be accomplished through the market itself by activating land markets. Where smallholders are more competitive than their larger counterparts, removal of market barriers will increase productivity and food security, generate more employment, and enhance participation by the disadvantaged.

The single biggest change in Mexican law since the revolution occurred when President Salinas opened land markets, making it possible for *ejido* beneficiaries to legally sell, buy, rent, and mortgage land. Similar projects are being undertaken in Peru and Honduras. Tenure policy analysis can offer guidance on how to construct similar reforms in ways that will not negatively affect the environment, disadvantaged groups, democratic institutions or broadly based economic growth.

The Global Environment

Questions of sustainable use of environmental resources often turn on who has ownership and access to those resources (be they land, forest, water) and on what basis. These are fundamentally resource tenure questions. Policy interventions include buffering and conservation strategies, titling, intensification of agriculture in sustainable areas, and other tenure-related policies. After a decade of addressing macroeconomic concerns in the developing world, donors are now turning to address neglected microeconomic environmental issues, which have long been tenure-related concerns.

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Sustainable natural resource management requires providing alternatives to peasants who invade parks, reserves and fragile lands. Typically, these farming people lack alternative access to resources. Through work with land and mortgage banks, taxation, titling, land-for-infrastructure and other mechanisms, **land markets** have been considered as a tool for providing alternative access to land.

Democracy

Property rights are guaranteed in any democratic society by its constitution. Without this assurance, market economies are crippled. Donors have worked to improve the legal institutions that make this guarantee enforceable, namely the property registries. Unfortunately, most registries in Latin America and Africa are in disarray, discouraging investment in land. Registry disorganization provides opportunities for corruption and abuse and facilitates the avoidance of a primary responsibility of democratic society—payment of taxes.

Today, most property registries in the developing world are ineffective for government operation and planning. Where registries are modernized, their data can be used for government coordination, planning and administration, tax collection, and land management. Unfortunately, in most countries, a number of separate governmental entities all spend scarce resources to produce similar geographic information. The information produced is often incompatible and unreliable.

Reorganization of registries can be accomplished via savings from elimination of duplication of efforts and via increased income from tax revenue. If governmental administration is to address environmental, poverty, education, population, and health concerns on a sustainable basis, it must have the funding to do so. Property tax revenue made possible when property registries are modernized is one element in this strategy.

Securing resource tenure is an important element for insuring participation in a democratic society. Sometimes governments deny titles as a way to deny effective citizenship. Without titles, citizens are unable to access public institutions and services such as police, fire, disaster assistance, food, water, sewage, and education. Titling can be used to empower the disadvantaged and ensure their participation in democratic society.

Conflicts associated with land disputes can threaten democracy in some countries. In Nicaragua and El Salvador, the importance of tenure concerns in dispute resolution is highlighted. Democratization implies systematic efforts to resolve these conflicts. Dispute resolution in Latin America particularly means dealing with the issues associated with land.

Food and Disaster Assistance

Food security, in the long term, is obviously linked to agricultural production. As stated above, tenure policy has a major impact on agricultural productivity and investment.

With regard to disaster relief, the Organization of American States recently published *Primer on Natural Hazard Management in Integrated Regional Development Planning*. That text included a chapter on the "Tools and Techniques for Natural Hazard Assessment," outlining the application of remote sensing, geographic information systems, multiple hazard mapping, and critical facilities mapping as essential planning elements in a strategy for dealing with disasters. These activities will gain greater importance as "planning" replaces "reaction" in future strategies.

Stabilizing World Population Growth

Land policy provides three ways to address population growth:

First, land taxation can provide sustainable funding for population and education programs. Despite poor implementation in many countries, we have found that a properly designed land tax can be an effective means for revenue generation. Property tax projects can, of course, be self-financing.

Second, theoretical literature has suggested a linkage between tenure security and fertility rates. Women on the margins of the formal economy tend to have more children as a means to insure that at least one will survive. As families gain social and economic security, the strategy changes and fertility rates drop. Tenure security has been shown to be

an important element in establishing this feeling of security and well-being.

Third, land intensification practices (land market activation, increased agricultural productivity, etc.) lessen the stress created by increases in population.

Conclusion

Tenure security is not an objective in itself. It is a means used to achieve other policy goals. Such policies have an important impact on the development community's present objectives. With diminishing funding resources, donors must concentrate their efforts in areas with great cross-cutting impact. Consequently, tenure policy should be considered as a critically important operational element of a broader strategy and should be more fully incorporated into strategic objectives. Neglect of tenure policy will threaten the sustainability of the program and result in less effective use of development assistance.

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