The 2008 World Development Report (WDR) on Agriculture for Development emphasizes the importance of land access and land markets for broadly-based, poverty reducing growth. Global experience shows that interventions to improve security, access, and transferability of land increase the value of household assets, generate higher levels of investment and agricultural productivity, and facilitate access to credit, especially when financial markets are active. The importance of land issues in development, and particularly rural development are nowhere more evident than in Latin America and the Caribbean (LCR), where highly inequitable land distribution, wealth-segmented land markets, under-performing land institutions and insecure (and often contested) land rights have impeded poverty-reducing growth in many areas, contributing to the region’s sluggish growth, the persistence of rural poverty and the “premature” migration to urban areas and international labor markets by low-skilled, impoverished rural residents. Addressing these problems involves improving land tenure security and governance, working with communities to improve land access and access to complementary agricultural investments for households with land-based livelihood strategies, solving specific local conflicts and putting in place policy and territorial planning frameworks which protect vulnerable groups and resources from dispossession and degradation.

Land and property assets are usually the most important physical asset for poor households in Latin America - yet the distribution of agriculture landholding in the region is the most inequalitarian in the world. In LCR land markets tend to work badly for the already asset-poor, reinforcing economic exclusion and long-term poverty traps. The region’s history of partial agrarian reforms has left a complicated landscape of inequitably distributed and poorly documented land rights, politically organized rural populations, ambiguous state commitments to land access and in many cases, conflict. As global trends of increasing commodity prices, urbanization, “supermarketization” and changing systems of commodity distribution and logistics create new opportunities for agriculture, land markets, land allocation, land security, and land use planning play a pivotal role in the way the benefits and costs of these new opportunities are distributed. Thus, land assets play different roles in different settings and social groups in each territorial context, from settings as diverse as small-scale family agriculture, coastal tourism, indigenous forestry to urban housing development. In this way land assets form a fundamental layer of territorial development throughout the region which calls for careful management to achieve the multiple social goals for poverty reduction, growth, food security and sovereignty, agricultural productivity, natural resource management and the expression of cultural values.

Making land assets productive, equitable and environmentally sustainable in order to contribute to poverty-reducing growth is the objective of the land administration and access initiatives in LCR. Land initiatives also help societies rebuild after conflicts and natural disasters, such as in El Salvador, Guatemala and Honduras. The land sector is only a small share of regional lend-
The overall sector strategy: From assets to livelihoods to equitable growth

As Latin America urbanizes and becomes wealthier overall, fewer people make their living from the land and higher-wage employment opportunities in urban areas represent the basis for accelerated future growth in the region. Yet most of the poor in LCR are still rural and continue to have agricultural, land-based livelihoods. Pathways out of poverty - whether through migration, on-farm activities or rural non-farm employment - all are predicated on the accumulation of sufficient asset bundles (human, physical, financial and social capital) to take advantage of higher productivity opportunities in the economy. By supporting higher investments in land assets, facilitating transfers to more efficient users, and in some cases providing capital for land transfers to the very poor, the sector strategy is to support productivity and investment increases which lead to improved livelihoods and equitable growth.

Improving land-based rural livelihoods also influences the quality and timing of urban migration. Migration without sufficient human and financial resources to enter urban labor markets simply moves rural poverty to urban areas. Migrants endowed with sufficient asset bundles from their rural origins can access higher-wage opportunities.

Land sector work in LCR thus works on two major lines: projects to improve the administration of land, and projects to directly improve access to land for land-poor or landless rural inhabitants who seek to make their livelihoods in the rural space.

The challenges to achieving this strategy are not simply technical. Land issues are deeply rooted in countries’ histories and are often politically sensitive. This implies that attempts to address them need to be solidly grounded in empirical research, often building on carefully evaluated pilots, and carefully integrated with multi-sector approaches. Largely through the Bank’s leadership, governments have increasingly sought projects in the sector and an array of partner institutions have sprung into action on the land agenda, including many bi-lateral donors, FAO, UN-Habitat, the International Land Coalition, and now also the Commission on Legal Empowerment of the Poor. The Bank also collaborates closely with UNDP, IFAD, the EU, and several regional development banks, and is collaborating with the private sector through the International Federation of Surveyors, to organize regional workshops and capacity building events.

Principles of land policy for growth and poverty reduction

(i) Importance of tenure security. Security of property rights and the ability to draw on local or national authorities to enforce those rights are key to increasing incentives for investment and for productive land use. A wide range of options, from full formal title to legally-backed mechanisms at the community level, can result in higher levels of tenure security. Worldwide studies have shown significant increases in the land values of plots with more secure tenure. Measures to improve tenure security can also improve the welfare of the poor who may have to spend large amounts to ‘informally’ secure rights, reduce the scope for manipulation (often by state representatives) and conflict, and improve incentives for investment and resource conservation. Given the fundamental role of secure land tenure, programs to make land rights more secure have long formed a major thrust of Bank interventions in this area, accounting for the largest share of resources spent in the Bank’s land portfolio.

(ii) Transferability of rights and land access. Improvement of tenure security provides direct benefits only to those who have access to land. Making land rights transferable not only further increases investment incentives but also allows the landless to access land through sales and rental markets or through public transfers. Furthermore, transferability that is combined with formal title allows using land as collateral for credit when credit markets are sufficiently developed. Transferability is particularly important in dynamic environments to bring about changes in land use and allow households to shift from agriculture to non-agricultural occupations. Studies show that land rental improves efficiency and equity in many settings. Land sales markets are often “thinner”, but in many circumstances they can enable the poor to gain access to land. Based on this research, IDA is assisting countries to realize the full benefits that can accrue from rental markets by ensuring that tenure security is high enough to facilitate long-term contracts and by eliminating unjustified restrictions on the operation of such markets.

In some countries, particularly in Latin America, severe inequality in the land ownership distribution often goes hand-in-hand with under-utilization of vast tracts of productive land and
deep-rooted rural poverty. For a variety of reasons, existing markets are often unable to bring about the changes required to attain an optimum structure of production. In these cases increased access to land by the poor can potentially increase productivity. Also, as land is often intertwined with social exclusion and acts as a social safety net, increased access to land can also promote equality of opportunity. The Bank is exploring ways to use market-based mechanisms to transfer land to poor beneficiaries in a number of IDA countries such as Honduras and Bolivia but also non-IDA countries like Brazil and Mexico.

Box 1. Selected Land Administration Projects in LCR

Peru Urban Property Rights Project
Since 1960, Lima's population has quadrupled from 1.5 million to over six million. Most of this massive expansion has been driven by poor migrant families from the Peruvian countryside. They have built their homes on Lima's dusty periphery, usually without legal title or formal recognition. Without legal title, property is not secure. Children stay home from school to occupy the house while parents are at work; if a home is left vacant, even for a day, it may be seized by another homeless family or group. People do not invest in homes or communities where they are insecure. They cannot sell them or pass them on to their children. Perhaps worst of all, without property titles, homeowners cannot use their dwellings as collateral to borrow money that would help them escape poverty. In the mid-1990s, residents of Peru's informal settlements held about $20 billion in 'sleeping capital'; without legal registration of their properties, they could not put their own assets to work. In 1998, a $38 million World Bank loan was approved to support legal registration of 960,000 urban properties in Peru. Combined with $24 million from the Government of Peru, the project has already outperformed its original plan with over 1.3 million homeowners having registered their properties. And demand is growing. The Comisión de Formalización de la Propiedad Informal (COFOPRI), which manages the Proyecto Derechos de Propiedad Urbana, sends teams to local festivals in the poor barrios to encourage people to register their properties, and thereby benefit from an associated micro-credit program.

El Salvador Land Administration Project
Post-war El Salvador has seen some of the fastest rates of growth, migration and land market activity in the region. To improve land administration, a set of land regulatory activities is needed such as the recognition of legal rights, property titles, conflict resolution, legal cadastre and registry. In El Salvador the World Bank has supported the Land Administration/Management Project, providing the country with one of the most modern land administration systems in Central America. The Project helped establish a unified land registry and a property value system that enables web-based access to property registration records, while promoting the exchange of cadastral data between municipalities. The prevention and mitigation of disasters was also helped through the mapping of risk areas and identification of free land to relocate the population after the 2001 earthquake. Based on the successful experience in El Salvador, the World Bank supported land administration and management projects in Nicaragua, Panama, Guatemala and Honduras, with a total amount of 136.5 million dollars. In addition, the project has led to a GEF-sponsored project on the demarcation and mapping of protected areas in the country.

Box 2. Selected Land Access Projects in LCR

Brazil Land-Based Poverty Alleviation Project.
Through the Land-Based Poverty Alleviation Project Brazil is addressing one of the major factors underlying poverty in the countryside: inadequate access to land by the rural poor. Preceded by two highly successful Bank-financed pilots, the project demonstrates the large-scale viability of a community-based approach to land reform. In the project beneficiary groups negotiate directly with willing sellers for the purchase of suitable properties, and then obtain financing for the purchase of the land and support for complementary subprojects and technical assistance to establish themselves on or near the land and improve the productivity of the acquired properties. By mid-2007 the Land-Based Poverty Alleviation Project had financed 2,366 land acquisition proposals benefiting 44,522 families on approximately 835,000 hectares of land. Another 157 proposals are in the contracting phase at Financial Agents, representing an additional 2,944 families. About 70% of these proposals were expected to be financed by end-2007 benefiting 1,760 families and bringing total project beneficiary families to about 46,000.

The Honduras Access to Land Pilot Project is demonstrating how land market imperfections can be overcome to achieve improved land access through market channels. As a pilot program, PACTA demonstrates a public-private partnership strategy where private sector lending institutions provide funds to purchase land and the project provides public financing for complementary investments and technical assistance to improve the productivity of the newly acquired properties. The targets of the pilot phase have been achieved and surpassed. About 1600 farm families are now participating in local land markets and have established sustainable farm enterprises. One of the main successes of PACTA is the good quality of the loan portfolio for land purchase which, on average, has a default rate of less than 5%. Many households have paid-off their debts in ahead of schedule. Beneficiary incomes have increased through improved land productivity and output in project sites. On average, the annual income of the participating households has increased by 230% (from US$600 to $1,400). PACTA is working to institutionalize and expand the program, a hoped-for deliverable from the pilot phase.
Challenges encountered and lessons learned

Land sector work in low-income countries faces many challenges. Policy and legal frameworks are often deficient, reflecting distortions from colonial or socialist pasts, or accommodations to armed conflicts, and prevent the establishment of clear property rights (individual or collective). Such deficiencies impede market-based transfers and often facilitate the illicit transfer or control of public land by vested private interests. Public land institutions are generally weak technically, financially, and in terms of public accountability. Providing low-cost services and linkages to mortgage/long-term finance using land as collateral are further challenges. The sector challenges have been met by an approach which stresses high-quality intellectual engagement and research, heavy upfront investment in policy and legal reform (often through trust-funded grants, small Learning & Innovation credits, and pilot projects), long-term engagement through sequences of projects, and the evolution of a body of best practices in each region.

Outlook

The most general issue encountered and addressed over the last 15 years has been the recognition that titling or land regularization per se, while achieving important benefits for investment, land value and public sector functions, are insufficient to tackle the full set of governance, access and social problems which have contributed to the persistence of rural poverty in LCR. The recognition has led over the last 6-7 years to incorporate a major emphasis on policy and legal development and institutional capacity strengthening, to push for dedicated land access projects in the LCR region, and to approach the land sector as a long-term engagement with 10-20 year horizons for achieving fundamental objectives. The Bank is joining forces with partners to seek lower-cost technologies and services to ensure the coverage and sustainability of its work in the poorest areas. In Latin America and the Caribbean region, land administration activities are expected to grow in areas of land access (Nicaragua, Paraguay, Bolivia) and urban/peri-urban activity, and attention to indigenous and environmentally-sensitive land areas and to addressing enormous challenges in the Amazon Basin. Land administration and access activities will increasingly be seen as integral parts of spatial development approaches to agricultural and rural development.

References

Adapted from the World Development Report 2008 Agriculture for Development with additional information from regional studies and anecdotal evidences.

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