



## USAID ISSUE BRIEF

# LAND TENURE, PROPERTY RIGHTS, AND FOOD SECURITY

## EMERGING IMPLICATIONS FOR USG POLICIES AND PROGRAMMING PROPERTY RIGHTS AND RESOURCE GOVERNANCE BRIEFING PAPER #1

### SUMMARY

Food security is the state of having sufficient quantity and quality of food throughout the year for a healthy and productive lifestyle. It is consumption-based and may apply to individuals, families, or a nation, as in personal or national food security. The relationship between land tenure and property rights (LTPR) and food security may be direct (i.e., securing property rights in land or improving land access thereby enabling investment of land, labor, and capital in food production); or indirect (i.e., selling agricultural produce for sale or securing property rights for businesses that provide wages, earnings, or income that enable farmers, owners, and workers to buy food). Broadening access to resources and securing property rights are necessary conditions for agricultural and economic growth but not sufficient. In addition, farmers and businesses require access to well functioning markets, improved technology, affordable credit or finance, and technical knowhow. The essential problem in linking property rights with food security is how to sequentially and effectively integrate these factors in ways that help households, farmers, and businesses obtain access to property rights, resources, and markets to improve food production and/or consumption.

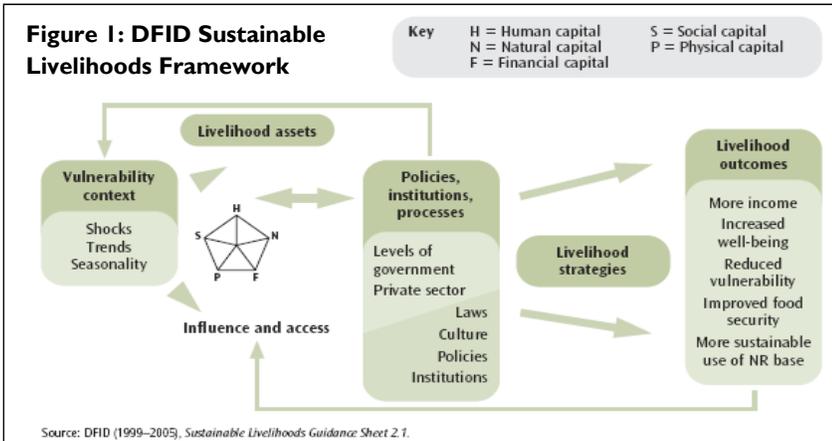
Beyond food production and economic growth, land and related natural resources is also a safety net for securing livelihoods and subsistence when markets are weak or absent, or when coping with political uncertainty or disaster. LTPR issues also stem from vulnerability that arises from threat of food deprivation: for example, vulnerability resulting from land grabbing by powerful interests; vulnerability experienced by people displaced or divested of property as a result of war, conflict, or natural disaster; or vulnerability created by HIV/AIDS when survivors, widows and youth, lose land to the deceased's family, elites, or speculators. Insecure LTPR affects all citizens but in particular women, the displaced, HIV/AIDS infected, and marginalized by divesting them of land, property rights, and resources that threaten their welfare and livelihood. The linkage between LTPR and food security thus encompasses food production, economic growth, governance, and vulnerability dimensions.

### Box A: Food Security Overview

Food security means having sufficient quantity and quality of food throughout the year for a healthy and productive lifestyle. Broadening resource access and securing property rights are necessary conditions for agricultural and economic growth, but not sufficient. In addition, farmers and businesses require access to markets, improved technology, affordable financing, and technical knowhow. Insecure LTPR affects all citizens but in particular women, the displaced, HIV/AIDS infected, and the marginalized by divesting them of land, property rights, and resources that threaten their welfare and livelihood. These groups and others will be challenged by three evolving trends in the years ahead:

- Growing influence of the burgeoning poor and landless demanding food at affordable prices, and calls by governments for modernization and commercialization to increase land productivity;
- Climate change and increasing demand for arable land for carbon sequestration via expansion of protected areas; and
- Expansion of area under biofuels and commercialization to curb fossil fuel price escalation.

Convergence of these events will mean an escalation in food prices, food insecurity, a worsening of the global land grab, and threat to the landlessness and poor.



## FOOD SECURITY

Food insecurity, hunger, and famine are the cumulative result of shortfalls in one or more sub-components of the food balance equation (Box B) (i.e., too few stocks, production shortfalls, less food giving and borrowing as a result of breakdowns in social networks, inability to buy food because of loss of job or income, or reductions in food aid delivery). Lack of resilience and inability to cope accelerate the process and exacerbate the outcome. Famine is an extreme collapse in food access and availability causing a widespread rise in mortality from outright starvation or hunger related illness.

## Box B: Food Balance Equation

All too often, people mistakenly equate food security with food production, or ignore important substitution effects between key elements of food security below.

$$C = (S^B - S^E) + Y + (G^R - G^G) + (F^B - F^L) + (P - X) + A$$

- A = Food Aid
- C = Food Consumption (Food Security)
- F = Food Lending (Borrowed, Lent)
- P = Food Purchases
- S = Food Stocks (Beginning, Ending)
- Y = Production (Food Self-Sufficiency)
- G = Food Gifts (Received–Given)
- X = Food Sales

For example, a decline in food production due to drought may be offset by drawdowns in food stocks; increased food purchases from asset sales, wage income, or remittances; food transfers from social networks; or food aid. Famine occurs from the catastrophic collapse of all these elements as a result of disaster, or slow, sustained breakdown over time.

Food production scientists emphasize the importance of technology adoption and production to improve food availability. Analysts of famine emphasize the role of entitlements (stocks, food borrowing/lending, food sales/purchases, asset sales, or out-migration/remittances); famine, according to Sen, is caused by various influences (drought, flood, inflation, lost employment, or conflict) that deprive people of sufficient entitlements to adequate food. Long-term policy must be geared to enhancing and securing these entitlements, rather than simply expanding food output. Livelihood strategies emphasize the context influencing localized hardships the poor face, their possession or access to assets and capabilities (physical and social capital) to obtain livelihood, the role of policy and institutions that determine access to assets and choice of livelihood strategy, and the range of livelihood strategies that the poor deploy to improve consumption, production, processing, exchange, and income generation (Figure 1). Strengthening food security for the poor thus requires livelihood strategies that enhance food production and offer value added and non-farm income growth with goals of improving the overall quantity and quality of food consumed.

## TENURE SECURITY

Tenure security is the perception of having secure rights to land and property on a continual basis, free from unreasonable interference from outsiders, as well as the ability to reap the benefits of labor and capital invested, either in use or when leased or rented to another. It has breadth, duration, and assurance dimensions. Breadth refers to the number of rights

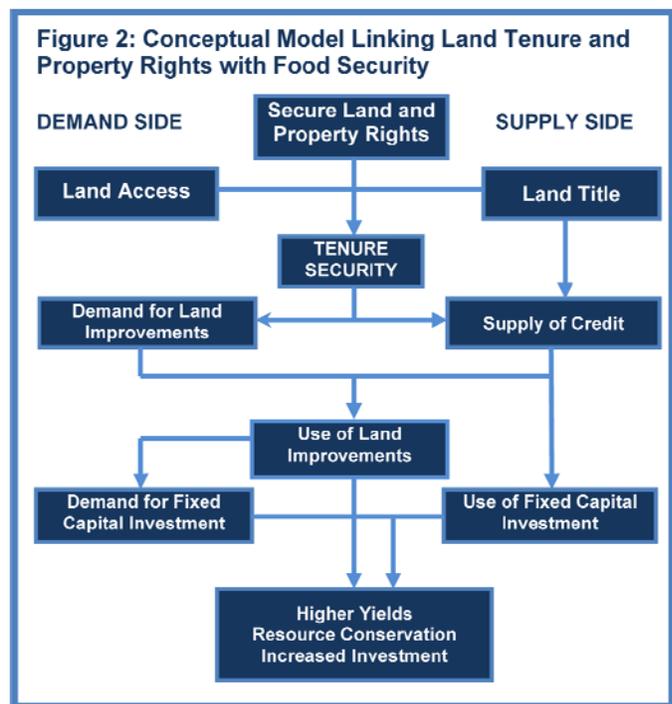
or key rights held, including rights of use, ownership, transfer, and exclusion. Duration requires that the time horizon be sufficiently long to recoup income from investments; tenure insecurity is generally less an issue for short-term inputs that are repaid at the end of a season, than for long-term capital improvements requiring significant land or capital investment. Assurance implies that rights be held with reasonable certainty, subjectively if not statutorily in law.

Tenure insecurity stems from having too few rights, inadequate duration of rights, lack of assurance in exercising rights, or high costs of enforcement. But there are also many instances in the world where LTPR is secure but farm size is too small, fragmented, or poor in quality to earn a decent livelihood. Thus, tenure security is closely intertwined with land access in tackling issues of poverty, marginalized farming, or low productivity agriculture. The literature on tenure security and food security focuses on rights in land and property, institutions or rules governing behavior, effectiveness of organizations responsible for governance, and incentives for investment and food production.

Tenure security has both demand-side (incentives to farmers) and supply-side (incentives to lenders) effects (Figure 2). On the demand side, an enhancement in tenure security increases the willingness to invest in medium- to long-term land improvements and, to a lesser extent, movable assets (livestock, farm machinery) by increasing the likelihood of capturing investment returns, increasing certainty of asset ownership, and reducing disputes over ownership. However, this requires well-functioning markets; producer (demand-side) incentives and willingness to adopt new technologies will be considerably weakened in the absence of markets for selling expanded output and obtaining inputs at affordable costs. Demand for complementary short-term inputs

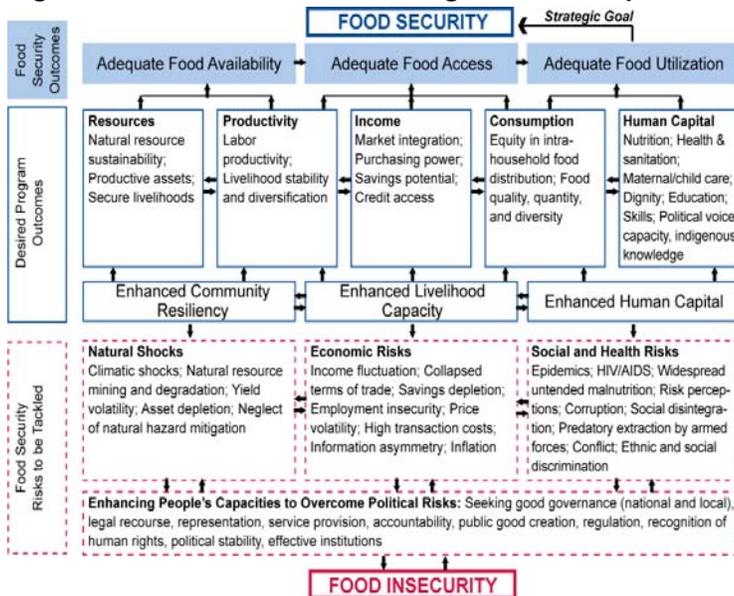
increases as a result of enhanced tenure security or derived from land improvements (water and soil conservation increasing fertilizer profitability) that in turn increase investment, yields, food production, and income.

Higher yields are possible even if households lack sufficient financial savings because of potential supply-side effects that improve access to financial credit through possession of easily transferable land title enhancing the collateral value of land and improving the creditworthiness of the landholder. Tenure security may also positively affect land markets (sales and rentals) by clarifying and assuring rights in the transaction, thereby increasing land value. While legal reform is targeted at strengthening the rights of property owners in law, it is through systems of land administration (property demarcation, survey, registration, and recording of rights) that relate rights in law to people and pieces of physical property. It is this confluence of robust rights in law and well-functioning land administration systems that enable and facilitate land markets, sometimes with negative outcomes of distressed sales but also with potentially beneficial effects of helping better farmers acquire land or less successful farmers or those with meager resources to exit farming for off-farm employment. De Soto and other development practitioners emphasize the importance of wealth created by secure property rights, in both farmland and urban property, for economic growth.



The virtuous linkages in Figure 2 may never materialize for a variety of reasons—farmers lack clear and robust property rights, investment demand is weak because unfamiliarity with the technology, investments are unprofitable or risky, input distribution systems are poorly developed, poorly functioning capital markets impede delivery of financial capital at affordable rates, or women/vulnerable groups lack secure property rights or resource access to protect assets, encourage participation in rental markets, or provide livelihoods. They also may never materialize for reasons of natural shocks, and economic, social, and health risks that affect the response to improved LTPR and contribute to food insecurity (Figure 3). Enhancing people's capacity to overcome or cope with these risks at the same time that LTPR is being secured creates a jointness that is often underappreciated in development planning, particularly in conflict situations.

**Figure 3: Framework for Understanding Food Insecurity**



Source: Webb and Rogers, 2003

A number of global trends are also confounding the relationship between land tenure, property rights, and food security, and creating demand for an expanded focus on LTPR action.

### GLOBAL TRENDS AFFECTING LTPR/FOOD SECURITY NEXUS

Development practitioners today are confronting a global dynamic that is unique in the lifetimes of the new generation of development professionals:

- **Growing Protectionism Among Agricultural Exporters.** Beginning in the 1980s, particularly in Africa, agricultural policy focused on distorted markets—government controls and low producer prices that impoverished farmers. Over the past two to three decades, there has been substantial reduction in tariff and non-tariff barriers to trade. However, as global food prices surged in 2008, a number of major rice exporters (Thailand, Vietnam) imposed trade restrictions to limit exports, not to protect producers, but to guard against food price instability for their consumers. The consequence helped fuel a spike in food prices that precipitated food riots in poor, food

importing countries. Both foreign investors and governments have and continue to acquire farmland to increase control over productive resources, augment food self sufficiency, lessen food import bills, and prevent social instability—all outcomes of protectionism.

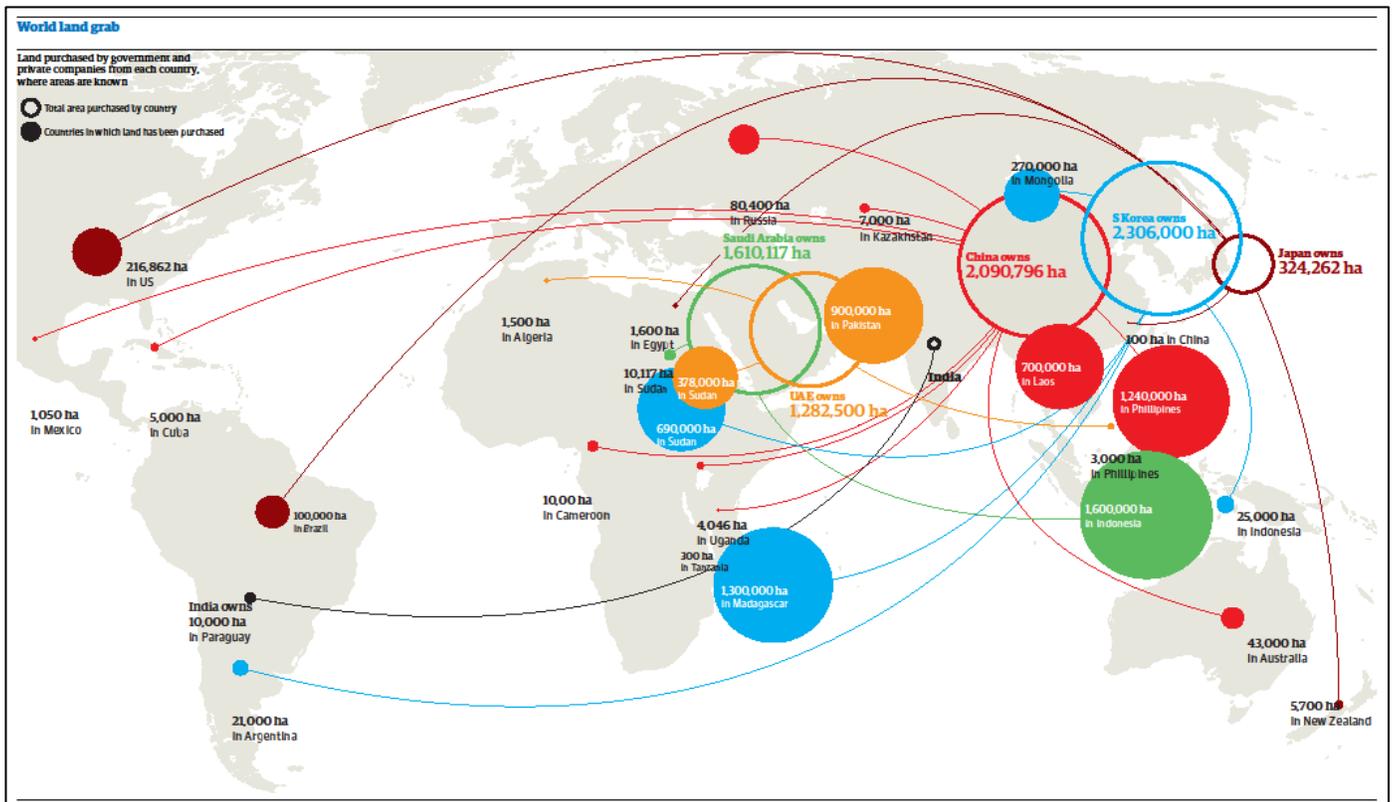
- Escalation of Food and Energy Prices in Tandem.** The oil boom of the late 1970s had collapsed by the mid-1980s. Our foundational experience with market liberalization, trade policy, and markets occurred during a post oil boom when energy prices were low. Today, we are in unfamiliar territory—both high real food and energy prices. While oil prices have declined from their peak of \$145/barrel in July 2008 to \$75 presently, prices will rebound after the global recession eases as a result of population growth, limits to resources, and rising commodity demand resulting from industrialization (in particular Asia and Latin America). High energy prices are increasing demand for biofuels that broaden economic opportunity but also compete with world food supply, worsening food price affordability. Taking land out of production for food crops increases the risk of conflict if the poor or marginalized are squeezed off their customary lands by the state or investors. Alternative energy development will be a driver of agricultural growth in this new era of high food and energy prices but at the risk of rising food prices and land grabbing that worsens food and tenure security, particularly for poor and vulnerable populations.

**Box C: The Global Grab for Land and Resources.**

“Today’s food and financial crises have, in tandem, triggered a new global land grab. On the one hand, ‘food insecure’ governments that rely on imports to feed their people are snatching up vast areas of farmland abroad for their own offshore food production. On the other hand, food corporations and private investors, hungry for profits in the midst of the deepening financial crisis, see investment in foreign farmland as an important new source of revenue. As a result, fertile agricultural land is becoming increasingly privatized and concentrated. If left unchecked, this global land grab could spell the end of small-scale farming, and rural livelihoods, in numerous places around the world.”

- Emergence of State-Led Foreign Land Ownership** The emergence of China, India, and rapidly growing economies in Asia and Latin America in the past two decades has sharply increased global demand for and trade in commodities—food, minerals, and energy—but also resulted in increased foreign investment by multinational and parastatal firms and governments in resources beyond national boundaries. The outcome has generated economic growth in countries with bountiful natural and mineral resources, but at the risks of expropriation without adequate or fair compensation for small resource holders divested of land and property, and a global grab for land and resources resulting, from high food and energy prices and rapid industrialization (see Box C and Figure 4).

**Figure 4: Global Grab for Land, Minerals, and Resources**



- **Improving Land Productivity—a Major Challenge.** Farmers are both food buyers and sellers, and the majority of poor farmers around the world consume more than they produce. High world food prices hurt both consumers and farmers who are food deficit households. Higher farm prices are no longer a panacea for rural income growth. Food security will need to be driven instead by a technology and market focus that lowers real input costs and improves productivity that lowers food prices while improving farmer income. The Asian green revolution, touted for accelerating agricultural growth, cannot be easily replicated because high energy prices have driven up the costs of its main driver, fuel for irrigation and machinery and oil for nitrogen-based fertilizers. Concerns about biodiversity protection further limit prospects for crop area expansion. Tomorrow's technological gains in food productivity will need to achieve high yields while minimizing the energy cost in agriculture and restoring biodiversity to halt greenhouse gas emissions. Such strategies will require increased emphasis on clean water management, genetics, integrated pest management, low-input technology, and broadening access to factors of production (land tenure security, financial capital, and labor).

- **Climate Change and Expansion of Protected Areas.** The above confluence of forces and events will be further confounded by climate change and possibilities of accelerated expansion of protected areas for carbon sequestration. As long as these carbon sinks are situated on marginal lands, biodiversity and environmental impacts could be hugely beneficial and negative impacts on food security minimal. However, if and when these protected areas substantially begin to overlap with productive agricultural lands, competition in land use will ensue between food production for food security, biofuels for income and energy security, and carbon sequestration to arrest global warming. With that convergence would be a worsening land grab fueled by a new set of global elites seeking to secure access to land resources under the mantle of environmental and commercial purposes. The result would be an escalation in global food prices, food insecurity, a worsening of the global land grab, and further threat to the landless, vulnerable, and poor.

- **Land Grab, Land Give Away or Rational Government Response?** The great land grab or land give away depicted in Box C and Figure 4 gives the appearance that governments are willingly aiding and obliging foreign investors out of self interest, corruption or political gamesmanship. This is a viable scenario in some cases. However, the trends above, to the extent they play out in creating massive food insecurity, would limit the options that governments have to respond to calls for increased food security from citizens at large. Rising food and oil prices in tandem would impose constraints on food imports, while demands for greater food security, from an increasingly urban majority, will increasingly pressure governments to increase food productivity from dwindling supplies of arable land. Governments in turn will feel compelled to take actions that modernize or commercialize agriculture on grounds of expanding biofuel production and increasing food self sufficiency. The global literature on agrarian reform is mixed on whether large scale agriculture is more or less efficient than small farms. What is certain is that small farmers, the poor, women, the marginalized, and returning displaced peoples who lack labor, capital, and know how will have difficulty withstanding government actions to impose land use conditions or replace farmers whose productivity is deemed low. Thus, the challenge, for LTPR practitioners—enhancing LTPR for poor and marginal groups without commensurate improvements in economic opportunity that broaden their access to resources and livelihoods increases the risk of, and justification for, their eventual displacement on grounds of national food insecurity and state necessity.

#### **Box D. Search for New models of Land Consolidation to Link Smallholders with Investors**

In Rwanda, subsistence farming on increasingly tiny plots on fragile land is not sustainable, nor able to meet the food security needs of the country. The government wants to increase yields and value added to address widespread poverty and low productivity. To do so, it wants to welcome investors and promote agribusiness, land use consolidation, controls on land use and new models of group ownership (cooperatives and corporate models). But such bold changes also risks disenfranchising small holders of rights, income, and the land they rely on for subsistence.

In Colombia, indigenous communities have secure land rights protected by powerful international lobbies, but lack capital and access to high value markets. They are reaching out to private investors, who they both want and distrust. Twenty years ago, the emphasis in land policy was on equity, social justice, and tenure security, particularly for smallholders. Today, in the face of persistent poverty and low agricultural productivity, there is rising demand for solutions that build partnerships between smallholders, communities, and investors.

## LAND TENURE AND FOOD SECURITY

What then are the priorities for LTPR in a pro-poor investment strategy?

1. For the poorest of the poor, continue food aid and safety net programs, but invest in secure rights and other enabling conditions that create pathways out of poverty.
2. Invest in legal reforms and institutions that secure individual and group rights to land and property to improve incentives for economic growth and restore/protect assets.
3. Support rights awareness, and the effectiveness of organizations that deliver rights, starting first and foremost in areas where demand is manifest by potential or real economic growth opportunities.
4. Invest in LTPR and other interventions that broadly strengthen institutions, governance, technology, and market access. Focus on market integration; property and financial markets; and factor, input, and commodity markets.
5. Broaden access of women and other vulnerable groups to land and property, particularly those affected or marginalized by globalization to protect their assets and expand their access to economic opportunity. Whether it is production of biofuels or adoption of modern methods, give due diligence to mainstreaming vulnerable groups into these practices, at the risk of them otherwise being left behind or displaced.
6. For resource-poor farmers situated on marginal or fragile lands that are too small in size to achieve sustainably high yields, invest in new forms of group ownership (“New Age Cooperatives,” company, and equity sharing models) and governance structures that can compete in markets, gain access to technology, provide jobs and stable incomes, achieve economies of size, and broaden access to investment opportunities (Box D).

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