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COLLECTIVE ACTION AND PROPERTY RIGHTS FOR POVERTY REDUCTION

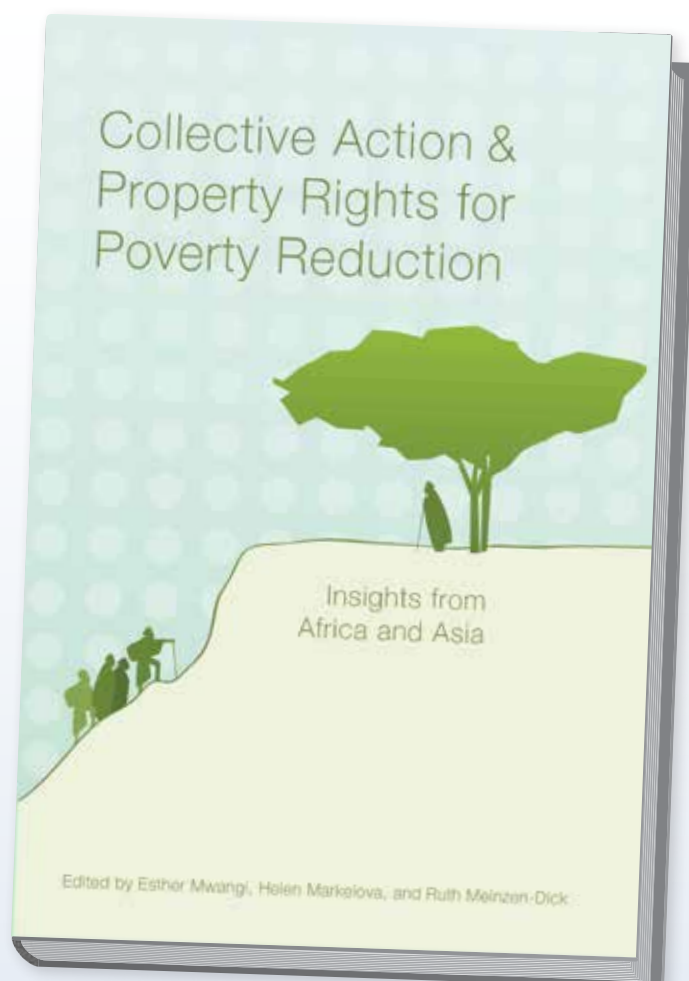
Insights from Africa and Asia

Esther Mwangi, Helen Markelova, and Ruth Meinzen-Dick

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71

Collective action and property rights are two institutions that can significantly contribute to poverty reduction. Collective action aids in the efficient use and protection of natural resources and helps the poor secure land rights by advocating for themselves and their best interests. Secure individual or communal property rights to natural resources, such as land, water, trees, livestock, fish, and genetic resources, are vital to rural people's livelihoods because they ensure income and provide incentives to invest in productive technologies and sustainably manage resources.



Many rural poor cannot participate in collective action because of resource and time constraints—nor do they have secure property rights. Therefore, strengthening collective action and property rights through pro-poor programs and policies is essential to improving the livelihoods of poor and marginalized households, communities, and individuals, particularly women. Government and nongovernment actors looking to encourage collective action and improve property rights should be aware that poor people in many communities have developed various strategies to enhance their well-being, which depend on specific sociopolitical and legal environments. Changing these environments can create setbacks if governments, NGOs, and other actors do not accommodate existing coping mechanisms. Steps to aid the poor should strengthen and build on existing strategies.

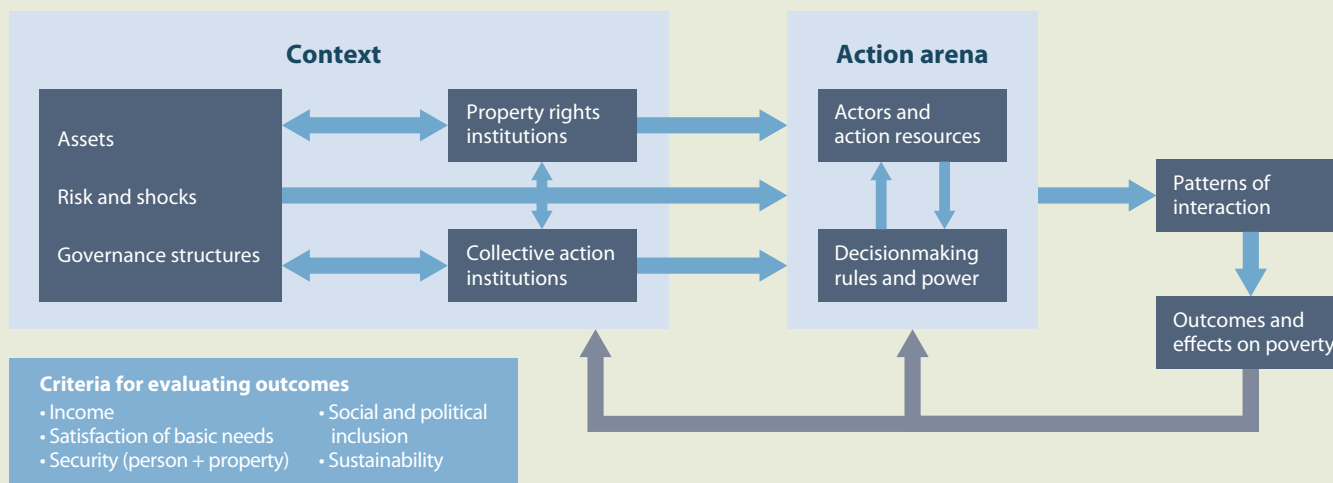
To understand poor communities' coping strategies and how to enhance them, the CGIAR Consortium Systemwide Program on Collective Action and Property Rights (CAPRI) commissioned a global research project conducted in seven geographically diverse, mostly lower-income, countries that face various economic conditions and challenges: Cambodia, Ethiopia, India, Indonesia, Kenya, the Philippines, and Uganda.

A recent book published by the University of Pennsylvania Press for IFPRI, *Collective Action and Property Rights for Poverty Reduction: Insights from Africa and Asia*, presents the project's findings. The book, edited by Esther

Mwangi, Ruth Meinzen-Dick, and Helen Markelova, includes nine case studies of how collective action and property rights have developed in various contexts and contributed to poverty reduction. Gathering, synthesizing, and interpreting the data involved quantitative and qualitative approaches and participatory action research, as well as the Institutional Analysis and Development framework developed by Nobel Laureate Elinor Ostrom for evaluating natural resource management institutions.

The framework (see Figure 1) shows the processes by which property rights and collective action can reduce poverty and build people's asset bases. The "context" accounts for the initial conditions people face—such as asset endowments, vulnerability to shocks, and governance—and the state of property rights and collective action capacity. The "action arena" takes into account how people, the state, and other entities can use the tangible and intangible resources at their disposal. How actors behave within the action arena is governed by decision-making rules. Actors' behavior patterns within these rules can lead to positive outcomes, including increased income, security, and social and political inclusion for the poor. Patterns of behavior and their outcomes can improve the context and action arena so they are more beneficial for actors and encourage more positive outcomes. Interventions to reduce poverty can either strengthen disadvantaged groups' resources or shift the rules in their favor. Both strategies are illustrated in the nine case studies.

FIGURE 1 Conceptual framework for the role of property rights and collective action in poverty reduction



Source: Authors' adaptation based on Elinor Ostrom's *Understanding Institutional Diversity*.

FIVE CATEGORIES

The case studies showed collective action and property rights had significant relevance to and impact on certain conditions the poor face, which can be grouped into five categories:

- ▶ Risk and vulnerability to shocks
- ▶ Market access for smallholders
- ▶ Natural resource governance and access to resources
- ▶ Conflict and postconflict development
- ▶ Poverty, power, and elite capture

All the case studies look at the relationship between one or more of these categories and collective action and property rights. The subject of poverty, power, and elite capture turns up in most case studies.

Risk and Vulnerability to Shocks

Poor people and communities often cannot recover from harmful, unpredictable events—or “shocks”—because they lack financial assets or social safety nets. Various types of collective action institutions can help manage shocks’ effects, though. For example, the case study of Ethiopia’s burial societies, or *iddir*, illustrates how collective action can protect against the shock of illness. The typical function of an *iddir* is to pay out money when a member dies to surviving relatives to cover funeral expenses. The payment comes out of a common fund to which *iddir* members regularly donate. Some *iddir* also compensate members for medical expenses. Since illness can be one of the more harmful shocks, this “health insurance” component of an *iddir* is a valuable form of protection. However, the *iddir* cannot easily remedy a village-wide shock, such as drought. To cope with larger shocks, formal public social safety nets might be necessary. In Ethiopia, the Productive Safety Nets Programme (PSNP) provides transfers of cash and food to food-insecure households in chronically food-insecure localities. The PSNP might strengthen *iddir* and similar organizations by providing complementary resources to their member households.

Market Access for Smallholders

Agricultural markets can fail to produce mutually beneficial trade or other transactions because information on goods, services, prices, and costs are lacking; communication and transportation are difficult and expensive; or property rights are poorly defined. Market failure is a particular problem in rural areas that suffer from poor roads and

communication networks and underdeveloped rules to govern trade.

Smallholder farmers can remedy market failure by joining together in groups to produce or market goods and services: this form of collective action can help coordinate marketing, transmit information, and enforce property rights and contracts. The benefits of one organized effort, the producer marketing group (PMG), are illustrated by the case study of two eastern Kenya districts that established 10 PMGs. Surveys conducted before and after the PMGs’ establishment indicate that selling produce through these groups led to net household income gains.

Kenyan PMGs have benefited from the Kenya Cooperative Societies amendment bill of 2004, which empowers PMGs’ governing committees to enter into contracts and carry out other business functions. However, current laws do not provide adequate mechanisms for small farmer groups to become cooperative societies, and PMGs are significantly constrained by a lack of credit. Further legal reform might help support PMGs or other farmer groups in the future.

Natural Resource Governance and Access to Resources

If communities are to have adequate access to natural resources and to use them sustainably, who has rights to land or other resources must be clear and determined with community involvement. The case study of forest use in Indonesia provides examples of clarifying rights to natural resource use and involving local communities to make rules for local resource allocation and use. When authorities in two districts reallocated government-owned forestland to large plantations for agricultural use it led to conflict with local communities who had claims to parts of the forestland or bordering areas. CAPRI researchers facilitated talks between locals and government officials to work out options for allocating the land between local users and the plantations. While there are not yet policy decisions about forestland allocation, the talks have achieved communication among the different players; a greater appreciation among local people of formal property rights; and greater willingness by local groups to participate in the policymaking process.

Collective action can be more effective in dealing with property rights issues if the government ensures local groups play larger roles in carrying out policies and benefit a broad segment of local communities rather than only elites. Both these ends can be served if the government or other third parties provide forums for a wide array of stakeholders in land-use disputes—particularly women’s groups—to discuss their differences.

Conflict and Postconflict Development

Engaging people in collective action and securing property rights can help rebuild a society that is going through or has gone through conflict. Cooperating in a collective project can help restore mutual trust, while clear and secure property rights can contribute to economic recovery. Cambodia is a postconflict society that could benefit from collective action and attention to property rights because natural resources are normally owned, used, and managed in common. This makes effective collective action a precondition for sustainable resource management, as well as income generation and asset accumulation for the rural poor. A study of four villages indicates that several decades of war and changes in government have dramatically reduced the levels of trust necessary for collective action.

Possible remedies for low social trust are religious events that can enhance cooperation in and between villages. They provide an occasion for people to share experiences in which collective action has been successful in protecting their interests against the government, the military, large-scale investors, or others. As part of this process, people write petitions and memoranda to raise awareness of their problems, address conflicts, and ask for external support. For their part, NGOs and other outside groups can encourage collective action through temporary financial support to offset collective action's opportunity costs for the rural poor.

Poverty, Power, and Elite Capture

Differences in power among various groups (including the central government, the private sector, farmers, pastoralists, and women) affect policies and programs for the poor and collective action and property rights. The study's findings point to looking beyond assets, income streams, and other factors considered in poverty studies to underlying power relations. Participatory action research studies, in particular, show how outsiders can encourage collective action in which the poor negotiate with other stakeholders and reap the benefits.

One such study involved a broadly representative group of people from the Rubaya Subcounty of southwestern Uganda in natural resource management.

Residents faced land degradation, destruction of crops from free grazing, and other threats to resources, as well as poorly enforced natural-resource-management bylaws. In response, researchers arranged stakeholder meetings that led to the creation of natural resource protection groups at the subcounty and village levels. These new groups, which included both community leaders and farmers, reviewed natural resource management bylaws, identified problems, and produced a set of reformed bylaws that was adopted by the subcounty. In the future, NGOs and local governments can support such participatory policy-making by providing funds to organize communities for this purpose.

ENHANCING COLLECTIVE ACTION AND PROPERTY RIGHTS

Strengthening collective action and expanding property rights can contribute to more effective poverty-reduction programs. Both are long-term ventures that require significant effort on the ground and should be complemented by investments in areas such as infrastructure, market information, and telecommunications.

Those developing public intervention programs should consider how new programs will affect existing forms of collective action or property rights. Governmental actors and NGO representatives must also recognize that local informal institutions are not always benign and can have built-in biases against certain groups and individuals. Collaboration with pre-existing institutions must include safeguards to correct any inequities.

Studying collective action and property rights' relationships to different conditions and economic sectors paves the way for future research of this kind. In particular, this research shows how the Institutional Analysis and Development framework can be adapted and used across poverty-related arenas and so demonstrate the potential of collective action and property rights to reduce poverty.

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