

**LAND TENURE, RURAL LIVELIHOODS AND
INSTITUTIONAL INNOVATION**

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2002

The authors are solely responsible for all material and information cited in the draft report.

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Executive Summary

1. This is an unconventional study about problems of poverty, sustainable rural livelihoods, and access to land in a country where land ownership is highly unequal. The study is unconventional in the sense that it starts with a policy recommendation, and then proceeds to embellish, refine and qualify this recommendation on the basis of detailed field-based investigation.

Organizations and the land market

2. The genesis of this study lies in the chance discovery in two districts of Sindh – a province of Pakistan known for a relatively high incidence of rural poverty and land inequality – of small local NGOs who were intervening on the behalf of their landless poor members in the land markets. These organizations had acquired land on fixed rental leases, and then sub-let it to their members on a cost-recovery basis. The total area of land involved in these two cases was over one hundred acres, and around a hundred landless households were direct beneficiaries.

3. The leasing projects directly addressed one of the key poverty issues in Pakistan – i.e. rural landlessness – in an innovative manner. These projects approached the problem of poor people's access to land in a way that circumvented the political and policy impasse the currently characterizes the conventional land reform debate. The projects provided, therefore, an opportunity for re-examining the issue of "access to land" from a fresh perspective, and of placing this issue on the policy agenda from a new angle. The fact that the main protagonists were local NGOs corresponded well with the growing tendency in development policy to focus on poor people's participation through community organizations.

4. The projects worked with existing markets and appeared to be based on incentive-compatible transactions. The organizations had transacted on the fastest growing segments of the land market, and as such the wider significance of the projects was likely to grow further over time. Nationally, the area under leasing doubled in the ten years between the two most recent rounds of the Agricultural Census, rising from 4 per cent of the total area in 1980 to 8 per cent in 1990. Although figures from the most recent Agricultural Census (2000) were not available at the time of writing, it was safe to speculate that the importance of land leasing would have increased even further.

Principal Policy Recommendation

5. The principal policy recommendation of this study is that the problem of the rural poor people's access to land can be addressed through organizations acting as intermediaries between poor families and the land leasing market. Poor people's access to land is restricted by the highly unequal distribution of land ownership on the one hand, and changes in land tenure arrangements on the other. The decreasing access to land has negative implications for the poverty-reducing potential of agricultural growth, and therefore on rural poverty. The leasing model provides a feasible counter to these trends.

Leasing Experiments

6. Our two main study models NGO1 and NGO2 in Sanghar and Khairpur respectively had some common features as well as some interesting differences. The beneficiaries were people who had limited access to land prior to the projects. In the case of NGO1 all of the participants in the project were from landless families. The beneficiaries of NGO2 did include some people from landowning families. These beneficiaries faced constraints to land access of a different, perhaps more pernicious, type. They were women who, although from landowning families, did not have autonomous access or control over the land owned by their families.

7. In both cases a leasing model was first introduced as a result of a donor-subsidized income-generation project in agriculture. Land was first leased because of the constraint that the target beneficiaries did not have access to land. Once the organizations became familiar with the land leasing market they designed projects and programmes specifically around access to land.

8. Having engaged with the leasing market, the NGOs had to formulate ways of making the leased-in land available to their members or beneficiaries. Although cost recovery was not a strong condition of the donor-supported projects, both organizations paid a great of attention to it. In this way the organizations ensured that the models they evolved were economically viable and sustainable beyond external subsidy. In both cases there was evidence that the leasing experiments were, indeed, economically viable, as they had been continued well after the subsidy had disappeared. What is primary interest here, therefore, is the precise models that our study NGOs evolved or designed in order to ensure the economic viability of their interventions.

9. One common feature in the models that the two organizations developed was that they relied on individual or household responsibility for actual farming. The two NGOs did not experiment with “collective” or “cooperative” production. Collective or cooperative action was limited only to establishing access to land under favourable conditions.

Leasing and Access to Land – View from Secondary Data

10. The analysis of secondary data has shown that poor people’s access to land has been declining over time. This is largely due to changes in land tenure from share-cropping to self-cultivation on the one hand and fixed lease renting on the other. Traditionally, the landless poor have had access to land through share-cropping arrangements, but the area under share-cropping has been in steady decline.

11. NGO leasing models provide one possible way in which poor people’s access to land might be preserved – or at the very least it decline slowed down. While landless poor individuals are priced out of the land leasing market due to their risk aversion and their liquidity constraints, the leasing models show that organizations can and do play an effective intermediary role in this regard. Moreover, the significance of the leasing models is likely to increase over time if the present trends continue and more land is transacted on the fixed lease rental market.

12. The organizations were able to raise capital in order to address the liquidity constraint, and were able to provide informal insurance to their members. Both of these forms of

intermediation are typically associated with landlords or trader-moneylenders in the informal market.

13. The two NGOs placed themselves in the role of market intermediation on behalf of their members, who were mostly poor and landless. Their role was exactly analogous to the now more familiar role played by NGOs with respect to micro-finance. Organizations play an intermediary role for the poor in micro-finance by creating “social collateral” and pooling risk.

Micro-Perspective on Land and Labour Arrangements

14. Three main types of tenure – self-cultivation, lease rental, and share-cropping – were identified. All of these types of tenure were present in the survey areas. The precise arrangements, and terms and conditions of share-cropping were documented, as were variations in these terms within and across survey areas. Share-cropping was more prevalent in Sindh than in southern Punjab, and there was evidence in both areas that it was declining. Our data, therefore, confirmed the conclusions reached on the basis of secondary evidence.

15. Landless people generally preferred to have access to land as share-croppers than being casual wage labourers. This was the case despite the concern that share-cropping might involve coercion and exploitation. The micro-level observations, therefore, confirmed the hypothesis that a decline in share-cropping had an adverse impact on the income and security of the landless poor.

16. Micro-level data indicated that the observation about the decline in the incidence of share-cropping required some qualification. An essential feature of a share-cropping arrangement – i.e. piece-rate remuneration – was present in a significant manner under self-cultivation and fixed lease rental: agricultural operations had been broken down to small piece-rate tasks. There was a parallel trends within share-cropping arrangements also – under some of these tenants had been reduced to mere labourers who received piece-rate remuneration. What these micro-level observations showed was that share-cropping remained a robust basis for land-labour arrangements, but that the relative terms enjoyed by the share-cropper-labourers had deteriorated.

17. Social and political factors played an important part in land and labour arrangements. In southern Punjab, particularly in Multan, access to land was highly correlated with caste. Certain historically marginalized groups (known as kammiss) had limited access to agricultural land, but were employed as casual, piece-rate or salaried manual labourers. Organizational interventions in areas like Multan – and there reasons to expect that large parts of Punjab have conditions similar to Multan in this regard – will have to pay particular attention to the issue of caste-based exclusion in access to land.

Communities and Organizations

18. Development discourse relies heavily on the concept of the “community”. Definitions of the community, however, have not been problematized sufficiently in Pakistan. The community could refer to a range of categories, some of them overlapping. The various possibilities such as administrative village, geographical village, caste, and kinship – all have some merit. From the point of view of understanding the functioning of “community”-based

NGOs as pro-poor vehicles, however, it is useful to identify continuum and disjuncture in social organization.

19. An organization is usually assessed with reference to its internal structure, capacity and orientation. Such assessments, however, often omit reference to the social context within which organizations operate or make interventions. Simplistic models of "the community" are often used to make inferences about the interaction between organizations and communities. An analytical approach to the community allows richer insights into how organizations actually work.

20. Both organizations treated their own respective geographical villages -- or goths -- as their formal points of reference to the community. The administrative village -- or deh -- was largely ignored by the two organizations. Key informants in most of the geographical villages within the two dehs did not know about these organizations, let alone interact with them. Individual leaders of the organizations were recognized as well-known activists, but the organizations themselves were relatively unknown.

21. Caste and kinship ties lay behind the will or ability of the organizations to operate effectively in particular goths. The fact that beneficiaries were from particular castes or families did not mean that the projects were mis-targeted. All of the beneficiaries did indeed conform to the criteria that had been laid out -- they were all from poor landless families. What is true, however, that these families were not necessarily the poorest among the landless. The absence of the poorest from the projects was not premised, however, on discrimination against them. Rather, it was the result of discrimination in favour of other poor families that happened to have closer caste and kinship connections with the main initiators of the projects.

22. Group identity played an important part in the functioning of the NGOs and in other forms of collective action in the survey sites. Kinship-based identity also had operational advantages for the work of the two NGOs. These organizations were able to alter some existing social norms in a non-threatening manner because of the close families ties among activists and beneficiaries. The relationship between our two case study NGOs and the existing power structures in their respective villages was highly textured. The two organizations mostly maintained some level of autonomy from traditional authority in their villages, as personified by the vadero or village head. At the same time, however, they were careful to display respect and loyalty to traditional authority, and did not see their role as openly challenging the vadero.

23. The use of caste and kinship to effect group-based identity was not restricted to those communities where formal NGOs had been established. There were many cases in the survey areas in Sindh of underprivileged communities exercising some degree of autonomy and successful collective action on the basis of caste and kinship. The traditional structure of settlements -- with informal rules governing patterns of affiliation and leadership in the goth -- allowed for a degree of intra-group autonomy and solidarity even to poor and oppressed groups.

24. The situation was quite different in the survey areas in Multan. Here the villages were divided sharply between the landowning-cultivator castes and the non-cultivator kammi castes. There was a clear sense in the Multan villages that the kammis were economically

dependent and socially subservient to the landowning-cultivator castes. Moreover, while the landowning-cultivator castes formed a relatively cohesive social and kinship groupings, the kammiss were mostly fragmented into further professions and categories. They exercised little autonomy over their living spaces and did not come together as a coherent group on the basis of kinship or any other bond. Landowning-cultivator castes dominated the organizations that operated in these villages.

Conclusion: Organizations and Leasing

25. The leasing experiments were successful and sustainable in both cases. One of the NGOs (NGO2) had continued with the experiments till the time of the survey. The other organization (NGO1) had abandoned the experiment after a period of six years. The main reason for abandoning the experiment was the severe adverse shock resulting from an ongoing water crisis. The organization was unable to acquire land with an assured supply of irrigation water. The last leasing experiment was aborted midway, in fact, directly as a result of the water crisis.

26. Both the organizations were also likely to be sustainable. This is the case not particularly because of their formal organizational or development models. One of the critical features in both the organizations is that they are based upon prior organic links in the communities within which they operate. The implicit definition of "community" that these organizations tend to use in their operational activities is the one that finds ready resonance among their constituents. Relations of caste, kinship and social proximity are crucial to the operation of these organizations. To a great extent these organizations represented the formalization of the prevalent informal axes of mobilization and collective action.

27. The study points to the types of constraints and opportunities that might exist for the poor, respectively, in Sindh and southern Punjab. Large monopolistic landlords are a structural feature of the agrarian economy in Sindh partly due to environmental factors and partly due to political-institutional ones. For any models of improving the poor's access to land to be taken to scale these structural constraints will need to be addressed. Organizations will need to have strategies for dealing with risk, particularly those connected with the variability of water supply, and with the insecurity of property rights.

28. In southern Punjab the environmental and political-institutional conditions are less challenging. At the same time, however, social hierarchy is more deeply entrenched in southern Punjab. The poor here are almost by definition those who are socially marginalized and fragmented, and are not "spontaneously" part of wider networks. This poses special problems for pro-poor NGOs, as the dominant social organization tends to be hierarchical and vertical. In Sindh, in contrast, individuals and families are already informally organized in villages and sub-villages, and are accustomed to asserting and exercising some degree of social autonomy.

29. The prospects of change in these two regions with high land inequality and high poverty depend to a great degree on the realistic recognition of constraints and opportunities. The core lesson of this study has been that the wider institutional context within which these organizations operate needs to be understood without prejudice and with a healthy disrespect for received rhetoric on markets as well as on "communities".

Conclusion: Positive Policy Options

30. The Interim Poverty Assessment Strategy Paper is weak in its treatment of access to land issues, and in the links between policy intervention and poverty reduction in the agrarian sector. There are positive ways of achieving the improvements envisaged in the agriculture section of the I-PRSP while also directly addressing the problem of rural poverty. The sections on asset creation and micro-finance in the I-PRSP provide possible points of entry.

31. The principal policy recommendation of this study can be used to provide linkages between different strands of policy intervention. Organizations should be facilitated to lease in land at market rents, or on concessional terms from the government. Micro-finance institutions can facilitate this process by creating special packages for group-based borrowing for lease-farming. Organizations can then sub-let land to landless individuals or families, and also offer credit for the crop cycle, acting as intermediaries of the micro-finance institution.

32. For policy agents such as DFID and other development agencies, it is possible to identify three levels of policy intervention. (a) Lobbying with government to take up the issue of “access to land” for inclusion in the final version of the Poverty Reduction Strategy Paper. Lobby for the inclusion of at least some minimal reference to alternative models of access to land, such as those discussed here, and for the possibility of linking the concerns in agriculture sector reform with reforms in areas such as asset creation and micro-finance. (b) Encourage networks of local organizations, say the RSPs, to consider models of intervention such as the leasing models studied here for further experimentation and analysis. (c) Move towards larger scale experimentation – say at the level of an entire watercourse – of organization-based leasing of land and its sub-leasing to the landless poor.