



# Property Rights Of The Poor Need To Be Recognized In Developing Countries

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Although most economists agree that secure property rights contribute fundamentally to economic growth and broad-based prosperity, more than a billion households in poor countries still live without secure, documented, publicly registered and tradeable rights to their homes.

As in developed countries, people in poor countries hold most of their savings—their wealth—in their homes. But unlike in developed countries, weak property rights render the bulk of the savings of the world's poor illiquid. This is not a trivial matter since the value of these frozen savings is estimated at well more than \$10 trillion.

To try to address this issue, Western aid donors have provided billions of dollars to the governments of poor countries over the last few decades in an attempt to modernize their land registry systems, with little success. And unfortunately, there has been even less success at formalizing previously untitled property. In most countries, lawyers, career bureaucrats and professional surveyors have resisted the necessary streamlining of registration procedures, while corrupt elites have used any new land registry systems as yet another way to capture wealth for themselves.

## **Little incentive for elites to change the situation**

Because the elites in poor countries obtain enormous financial and political benefits from the control they are able to exercise over the allocation of land rights, there is little incentive for them to change the situation. Taking decisions about land out of the hands of elites and turning it over to a neutral, transparent process based on the rule of law would undermine the foundation of their wealth and power. As a result, no western aid project, no matter how well-intentioned or well-funded has much chance to change the institutionalized corruption in all poor countries that creates an uneven playing field to the disadvantage of the poor.

As long as informal landholders remain isolated, fragmented, and invisible, there is little hope for meaningful reform. So the question, then, is how do the billions of informals in poor countries create a political reality that is more powerful than the interests of the elites? We believe that creating an open, global registry of informal rights that reflects the true consensus of neighbors and communities—not government’s arbitrary allocation of land or a registry dating back to colonial times—is the best way to trump the power of the corrupt elites and force governments to recognize the rights of their citizens.

### **New technology is making claim-staking easier**

And now, the existence of relatively cheap and simple technologies—satellite maps, cell phones, the Internet, GPS and drones—allow communities around the world to stake their claims for all to see. This isn’t a new practice: obtaining secure tenure of informal holdings is described in detail in the Old Testament, while in medieval times the jury system was created for the sole purpose of settling disputes over feudal tenure. But, the new technology does make the process of claim-staking easier. GPS and satellite maps have been used to enhance property rights since their earliest availability. In the late 1990s, NGOs in Pune, India helped communities map property lines. From there it has spread to other Indian cities—including the huge Dharavi slum in Mumbai—and to tribal areas, and recently to a few places in Africa.

### **How will the poor translate maps into political power sufficient to formalize their property?**

The question is: How do these poor informals translate maps into political power sufficient to formalize their property? We believe that the answer is by putting this information into informal, public registries that are not simply an individual’s claims, but the claims of an entire community. Even though the resulting registries will be informal, no developer, farming, mining or timber company will be free to simply negotiate with the corrupt central government for land concessions and claim ignorance of the current occupants. They will not only know that “someone” lives on that land, but they will have names, addresses and contact information. Consequently, the only peaceful way to develop informal holdings will be by making the occupants party to the negotiations.

Moreover, even a registry that is informal will begin to facilitate credit and real estate markets, quickly unlocking some of the frozen savings and allowing the poor to leverage their assets and improve their lives. As this new economy gains traction the hidden wealth it liberates and the growth it generates will demonstrate the logic of formalization to both the poor and the elites. In time the widespread benefits added to the demands of the newly empowered poor should help drive real reforms that give informal landholders the protection of the law.

*Mssrs. Schaefer are founders of Globaland and have created a simple, inexpensive, locally-managed system of mapping and registration.*