PROPERTY RIGHTS AS A POVERTY REDUCTION STRATEGY: PUBLIC OR PRIVATE GOOD? 
A Case Study Analysis of Formal and Informal Property Rights in Three Sub-Saharan Africa Communities

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ABSTRACT

Property rights define the rules of the game for social and economic exchange. These rules, both formal and informal, ease the flow of information and lessen transaction costs to facilitate such exchange. In this way, property rights foster economic growth.

As social institutions, however, property rights are constructed in many ways and are not always efficient. In fact, in some contexts property rights can hinder economic and social exchange.

Several scholars attribute persistent poverty in developing countries to such inefficient property rights (North 1990, Desoto 2000) Specifically, some scholars contend that as exchange increases and grows more complex, informal property rights are less effective in monitoring and enforcing agreements (Sen 1999; Easterly and Levine 2002; Rodrik et al. 2004). They argue that formal property rights are needed to increase the benefits of cooperative solutions or the costs of defection.
On that basis, policymakers, academics and others increasingly promote formal property rights as a means to reduce poverty. This poverty strategy, however, assumes that a primary goal of poverty reduction is to increase personal and national income through greater production of private goods. What happens then when one pursues a poverty-reduction strategy where the goal is to produce superior public goods such as improved education, greater access to quality health care or less domestic violence? Do the strategies complement each other or could they potentially conflict with each other?

This thesis sought to explore this potential poverty-alleviation paradox by using a case study methodology to examine the different conditions in which formal and informal property rights support a social infrastructure to alleviate poverty. The findings were mixed, but suggest that informal property rights play a significant role in the creation of social capital, which support formal property rights as well as help the most vulnerable people cope. The findings related to the role of social capital in the creation of public goods was unclear but suggest that a distinction between weak and strong ties may be important.
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CHAPTER 1: INTRODUCTION

Property rights provide a number of benefits for social and economic exchange. Property rights define ownership; how property can be used, divided and recreated; and who receives any property-related gains or losses. “Property rights are the rights individuals appropriate over their own labor and the goods and services they possess,” and this appropriation can occur via legal rules, organizational forms, enforcement or behavioral norms (North 1991:33). Essentially, property rights comprise the institutional framework that defines the rules of the game by assigning the roles and responsibilities of parties engaged in exchange.

As social institutions, property rights vary by context and culture and can be constructed in any number of ways (Sened 1997). As Garcia, points out, property rights can be secured by “force, cunning or private contract” as well as social norms and customs (2004:132). Broadly considered, formal property rights are legally derived and enforced as in the case of legal land rights that are upheld in a court of law. Informal property rights are socially derived via social norms and mores, and enforced through social sanctions such as stigma or exclusion. Both types of property rights facilitate exchange and exist in most communities, but as exchange increases and grows more complex, some scholars contend that informal rights are less effective in
monitoring and enforcing agreements and efficient formal rights are needed to raise the benefits of cooperative solutions or the costs of defection (North 1991:50).

Property rights can provide a number of benefits. When efficiently devised, they ease economic activity and facilitate economic growth. They do this by reducing transaction costs, primarily the information and enforcement costs related to exchange, and by generating network externalities that arise from cooperative behavior (North 1991; Barzel 1997). With better information and more efficient transactions, people are able to accumulate money and assets which buffer them from hardships and allow them to invest and prosper. Well-delineated property rights also allow people to divide and transfer ownership of their assets, which increases the value of property (Barzel 1997). Many scholars claim that well-defined and properly enforced property rights are a necessary condition for the existence of free markets to ensure economies have adequate productive capacity to meet consumer needs (Stigler 1942, Sened 1997, North 1991, DeSoto 2000).

As social constructs, however, property rights are not always efficient. “Let there be no mistake about it,” Sened says. “There is nothing natural, or particularly ethical, about property rights, as such. Property rights emerge because they serve some tangible interests of particular individuals” (Sened 1997:7). In some cases, the evolution and transformation of property rights occurs through a cooperative
bargaining process, which can lead to gains for all parties (Barzel 1997; Sened 1997; North 1991). But in other cases, property rights arise from power imbalances, force, inherited culture, poor incentives and other environmental factors that may lead to or reinforce inefficiencies. History is replete with examples of formal property rights that protect the most powerful at the expense of the more vulnerable.

Many scholars attribute persistent poverty in developing countries to inefficient property rights. Both North and DeSoto argue, for example, that economies which lack efficient, formal property rights often rely on personal exchange systems (reinforced by informal rights) which have prohibitively high transaction costs (North 1991; DeSoto 2000). Such informal institutional frameworks can hinder an economy’s production system, they say. North and DeSoto contend that large firms, which require substantial amounts of capital, need secure property rights that are enforced and protected by governments to survive. Without them, only small businesses that focus on trade, redistributive or black market activities will emerge, resulting in the “underdevelopment” that many developing countries experience today (North 1990: 67).

Of course, how property rights affect poverty depends, in part, on how one defines and measures poverty. Poverty is a complex phenomenon with no commonly accepted definition or measure. Traditionally, economists and other social scholars
have defined poverty as a shortage of income. Today, however, many scholars have broadened their notion of poverty to include the inability of people to function in a society due to the lack of positive institutions such as democracy, education and even cultural support (Sen 1999; Easterly and Levine 2002; Rodrik et al. 2004). Another camp of social scientists views poverty in structural terms, focusing on the concept of social exclusion. They argue that poverty results from a lack of social capital, which is derived from social relations and not necessarily from economic exchange (Silver 1994; Jackson 2003).

An important distinction between these poverty definitions is the emphasis they place on different types of capital. Neoclassical economists – including those who follow Sen’s capabilities definition of poverty – argue that people, in their roles as individuals, need economic and human capital to increase their productivity and earnings. This type of income poverty commonly is identified using standard measures based on income and economic exchange. For example, the World Bank uses $1 and $2 a day in purchasing power parity to measure degrees of global poverty. Those who view poverty as a social phenomenon focus on the lack of social capital—that is to say, the “glue” that holds groups and communities together and creates bonds of shared values, trust, norms and institutions (Narayan 1999:1). These poverty measures are
more varied and less universally accepted. They can range from health indicators to empowerment measures.

Another way to differentiate these two types of poverty measures is to consider them as public or private goods. Private goods are rival and excludable, meaning that they are finite and their quantity diminishes if consumed by an individual, so they may be unavailable for another’s use.¹ A car, house and clothing are private goods. In contrast, public goods are non-excludable—they are available to everyone. Moreover, they are non-rivalrous; if one person consumes a public good, the same amount remains for others to consume. Examples of public goods include the air we breathe, a fireworks display, or safe public streets. As applied to poverty measures, personal income can be viewed as a private good whereas indicators of social well-being—such as a healthy environment, levels of trust or levels of community participation in organizations—are more like public goods. Most important, the production of each kind of good may require different kinds of property rights.

¹ A good is *nonrival* or *indivisible* when a unit of the good can be consumed by one individual without detracting, in the slightest, from the consumption opportunities still available to others from that same unit. If, however, an agent’s consumption of a unit of a good fully eliminates any benefits that others might have derived from that unit, then rivalry in consumption or perfect divisibility is said to be present.

Goods whose benefits can be withheld costlessly by the owner or provider generate *excludable* benefits. Benefits that are available to all once the good is provided are termed *nonexcludable* (Cornes and Sandler 1996: 8-9).
This thesis argues that the definitional differences of poverty, and the type of goods to which they relate, are key to identifying appropriate property rights strategies for poverty reduction. For, what needs to be produced depends on what is deemed to be lacking. For example, if poverty reduction is viewed as a problem of income-shortage, and its alleviation is measured by income growth, then an appropriate property rights strategy to alleviate poverty would focus on formal property rights. However, if poverty is conceived of as a lack of social capital, then informal property rights strategies that bolster social assets likely would be more appropriate. More important, these strategies may be incompatible with one another to the extent that fostering formal, individual property rights undermines the ability to generate and sustain social capital and vice versa.

This thesis explores this potential poverty alleviation paradox. In particular, it asks the question, under what conditions do formal and informal property rights support a social infrastructure to alleviate poverty? Can these diverse poverty strategies be pursued simultaneously or are there trade offs to be made? Do advances based on individual gains come at the expense of the type of social cooperation required for community-based gains?

To answer these questions, this thesis will proceed as follows. First it will characterize the literature on property rights, poverty alleviation, social capital and
economic development. Building on this literature, it will develop a model of the relationship among formal and informal property rights and poverty alleviation, as defined by different measures. This model will serve as a template upon which to compare and contrast three case studies of poverty alleviation efforts. Each of these was drawn from sub-Saharan Africa. These cases were chosen because they are grounded in similar circumstances, yet adopted different property rights systems.
CHAPTER 2: LITERATURE REVIEW

Property rights define the rules of the game for social and economic exchange. These rules, both formal and informal, ease the flow of information and lessen transaction costs to facilitate such exchange. In this way, property rights foster economic growth.

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improved education, greater access to quality health care or less domestic violence? Do the strategies complement each other or could they potentially conflict with each other?

This thesis seeks to explore this potential poverty-alleviation paradox by using a case study methodology to examine the different conditions in which formal and informal property rights support a social infrastructure to alleviate poverty. To limit the scope of this examination and provide a means for case study comparison, this thesis will categorize the poverty-reduction strategies based on their social exchange mechanisms: markets and social networks. Key differences between these two poverty perspectives are their incentive structure (economic capital versus social capital) and the type of goods (private versus public) that the social exchange mechanisms produce. Literatures on both approaches – the different incentive structures and types of goods – provide insights on why a poverty-alleviation paradox might occur.

This chapter begins with an overview of the current state of poverty in today’s world. It then discusses property rights and their role in poverty reduction. Next, employing both a market and a social network lens, the chapter explores how these different poverty strategies relate to private and public goods. It then examines the literature on private and public goods to determine the optimal conditions under which each are produced. Based on the analysis, it argues that public goods are more difficult
– if not impossible – to produce for private gain. This conclusion raises the larger policy paradox: Do advances based on individual gains come at the expense of the type of social cooperation needed for community-based gains? In other words, might the two different poverty strategies potentially undermine each other?

Based on the literature review, the chapter provides an overview of the research design for the three case studies. Chapter 3 will outline this design in more detail, including the indicators that will be used to measure different poverty outcomes, and how the different types of property rights relate to these measures.

2.1 POVERTY OVERVIEW

Today, poverty is a pervasive problem. As of 2001, the World Bank estimates that 1.1 billion people live below $1 per day (the most severe poverty); 2.7 billion people live below $2 per day. Although, globally, the proportion of poor people had dropped from 28 percent in 1990 to 21 percent in 2001, that progress varies sharply from region to region (United Nations Statistics Division 2006). Since the 1970s, only East (China) and Southern Asia and the Pacific have seen dramatic declines in poverty rates; Latin America and the Caribbean have experienced modest to no decreases; and sub-Saharan Africa and Southeast Asia have seen significant increases (World Bank 2007). In sub-Saharan Africa, for example, poverty increased from 41 percent in 1981 to 46 percent in 2001 – which represents 150 million more poor people (WDI 2004).

Recognizing the extent of the poverty problem, the global community has committed itself to alleviating it. In September 2000, as part of the Millennium Development Goals, nearly 200 countries, including the United States, pledged to cut poverty in half by 2015.²

Despite this unified support, there has been little agreement on the best strategy for moving forward. Different scholars emphasize different factors as being important to poverty reduction, ranging from geography and geopolitics to culture or war and government failures. Sachs, for example, emphasizes that a country’s natural resource endowments have much to do with how well economies perform (Sachs 2003). He argues that many developing countries remain poor because their geographic challenges – desertification, being landlocked, having high prevalence of malaria – make them unfavorable to potential investors. Other scholars, such as Paul Hunt and Philip Alston, argue that human rights should be the central focus of poverty reduction. The human rights framework places an obligation on states to protect people against

²The Millennium Development Goals (MDGs) are eight development goals – which provide a common framework for poverty reduction activities – that countries worldwide have agreed to reach by 2015. The goals include: eradicating extreme poverty and hunger; achieving universal primary education; promoting gender equality and empowering women; reducing child mortality; improving maternal health; combating HIV/AIDS, malaria and other diseases; ensuring environmental sustainability; and developing a global partnership for development. The goals have 18 specific targets with more than 40 quantifiable indicators to measure progress.
poverty by ensuring an environment that protects human rights standards.\footnote{Most societies today recognize the principle that all individuals should enjoy a basic level of social and economic rights necessary for a life in dignity, including a right of access to adequate housing, basic education, social security, health care and nourishment, and a right to work and adequate conditions of work, as provided for variously in the Universal Declaration of Human Rights; International Covenant of Economic, Social and Cultural Rights; the Convention on the Rights of the Child; regional treaties, and national constitutional arrangements (World Development Report 2006).} The enforcement of human rights through the courts is one example of how law can alleviate poverty.\footnote{For example, in a case of inadequate drought relief and chronic hunger and malnutrition, the Supreme Court of India issued a series of interim orders, directing the government to implement food relief programs, provide mid-day meals in schools, and provide subsidized grain to millions of destitute households (\textit{PUCL v Union of India and Others}, Writ Petition [Civil] 196 of 2001). However, even in well-off countries, the poor often face barriers in gaining access to the courts where they can exercise these rights.}

Adding to the array of different poverty reduction strategies, many scholars and policymakers consider property rights to be important – if not vital – to economic growth and the building of modern markets to take advantage of today’s global economy.

\section*{2.2 PROPERTY RIGHTS AND POVERTY REDUCTION}

Property rights are important to economic exchange because as rules\footnote{Property rights can be considered as both the institution (set of rules) that establishes individual rights as well as the rights (or benefits) themselves. Individuals appropriate “rights” over their own labor and the goods and services they possess. This appropriation can occur through legal rules (such as formal property rights), organizational forms, enforcement and norms of behavior (informal property rights) (North 1996: 33). In other words, rights are the result of a set of rules.} they set the terms of trade. Specifically, they are the “rights individuals appropriate over their own labor and the goods and services they possess.” As rules, property rights shape the terms of exchange in market economies generally, and they do so in ways that significantly affect the economic development and life chances of poor households.
own labor and the goods and services they possess” (North 1991: 33). Property rights define ownership; how property can be used, divided and recreated; who receives any property-related gains or losses; who enforces these rights; and how these rights are enforced. In this way, property rights are crucial to economic growth.

Depending on enforcement, property rights fall into two broad categories – formal and informal – each with different advantages and disadvantages. Formal property rights, also referred to as legal rights, are enforced through legal institutions such as courts of law. They tend to be more costly to produce than informal property rights because more institutions are needed to monitor and enforce them, and people need greater amounts of information about their rights and those of others as well as how to protect and enforce them (North 1990, Sened 1996). Nonetheless, some scholars argue that formal property rights are more secure because the state backs up enforcement and resolves conflict, and hence these rights lead to greater capitalization and innovation, which leads to greater wealth (DeSoto 2000). Informal property rights, also referred to as economic rights, are enforced through social mechanisms such as stigma, reputation, gossip and exclusion. Some scholars, such as Ostrom, argue that informal property rights often are less costly than formal rights because people rely on each other through social mechanisms to monitor and enforce rights, and sanction
violations. Informal property rights also can lead to greater levels of trust, which can increase the benefits of cooperative solutions and help facilitate exchange.

Both types of rules are socially constructed, and as such, are not always efficient (Sened 1996). Property rights are dynamic, not static. Players constantly define, negotiate, enforce and renegotiate them as their environments, power relationships, and incentives change. While change can occur in any number of ways, property rights often arise from power imbalances, force, inherited culture, poor incentives and other environmental factors that may lead to or reinforce inefficiencies. As North says, “Institutions are not necessarily or even usually created to be socially efficient. They, or at least formal rules, are created to serve the interests of those with the bargaining power to create new rules” (Alston et al. 1996: 345).

It is for this reason that property rights may hinder or promote economic and social exchange. Take the case of England and Spain at the beginning of the sixteenth century. Both countries underwent significant financial transformations during this period. As rulers sought to acquire the revenue needed to pay for the rising costs in warfare, the wool trade became the key crown resource. In England, the Parliament began to express its views about how formal property rights related to wool exchange.
should be developed. Representing the interests of merchants and other constituents, this Parliament eventually created the Bank of England and a fiscal system that tied tax revenues to expenditures, putting the government on strong financial ground and eventually leading to the development of what many scholars agree was an efficient private capital market (North 1990: 112-114). In contrast, Spain meanwhile developed the Cortes, which—although intended to represent the interests of merchants—was rarely consulted by the monarchy, which maintained a strong, central governance role. As a result, the Spanish property rights reinforced the monarchy’s interests with little consideration of the merchant’s interests. As North writes, “Every detail of the economy as well as the polity was structured with the objective of furthering the interests of the crown in the creation of the most powerful empire since Rome” (114). As a result of these inefficient property rights, Spain experienced repeated bankruptcies, increased taxation, property confiscations and overall underdevelopment (North 1990: 112-117).

2.3 MARKET PERSPECTIVE OF PROPERTY RIGHTS AS A POVERTY REDUCTION STRATEGY

Not surprisingly, several economists, such as North and DeSoto, attribute persistent poverty in developing countries to the persistence of inefficient property rights. They contend that, to the extent that perfect market conditions do not exist, we
need to look at the institutions that govern the market (Sen 1999; Easterly and Levine 2002; Rodrik et al. 2004; McMillan 2002). As North points out, institutions are the rules of the game that reduce uncertainty (North 1990). They both constrain and enhance human interaction and exchange. As he says, “institutions matter when it is costly to transact.” To North and other neo-institutional economists, institutions such as democracy play a role in reducing transaction costs, enhancing market feedback, and thereby improving how a market functions.

Arguing along these lines, North attributes the economic success of the Asian tigers in the 1990s to their efficient property rights. As he points out, in Hong Kong, Singapore, South Korea and Taiwan, institutions governing property and finance evolved from informal property rights to formal property rights, allowing these countries to interact and exchange with other countries. On the other hand, many other countries such as several in sub-Saharan Africa were unable to develop institutions that allow standardized, anonymous, impersonal exchanges across space and time – a factor North ascribes to their continued economic failure. In fact, according to North, most societies have become “stuck in an institutional matrix that did not evolve into the impersonal exchange essential for capturing the productivity gains generated by the specialization and division of labor that produced the Wealth of Nations” (Alston et al. 1996: 349).
DeSoto extends North’s argument stating that developing countries must establish formal property rights – what he terms “extra-legal property” – if they are to reduce poverty and succeed in the global economy. The poor, he says, have valuable assets in the form of homes, land, tools and small businesses, but they cannot reap the full benefits of this wealth because they lack adequate documentation. As he explains, their assets cannot “readily be turned into capital, cannot be traded outside of narrow local circles …, cannot be used as collateral for a loan and cannot be used as a share against an investment.” What is required across the developing world, according to DeSoto, is a program to “capitalize the poor” by legalizing their property.

The property rights argument for poverty reduction assumes that once implemented, legal rights serve as an incentive for people to accumulate assets over time and across generations, which many economists such as North and DeSoto believe is necessary for a market to have the productive capacity it needs to meet consumer needs (Easterly: 90).

Based on such arguments, the idea of improving market efficiency through the establishment of efficient formal property rights has gained momentum as an important poverty alleviation strategy in international development circles, especially for tackling
rural poverty. Hence, the World Bank, Millennium Challenge Corporation (MCC),\textsuperscript{7} International Monetary Fund and other international and national agenda-setting bodies have integrated property rights into their poverty alleviation efforts (World Bank 2003; FAO 2003). For example, the MCC, which is in the process of proposing indicators of economic freedom and growth to measure the success of aid recipients’ policies and institutional changes, has proposed a Land Rights and Access Index (LRAI) (Sautet et al. 2006). Property rights and land reform were also at the heart of the World Bank’s 2003 policy research report, \textit{Land Policy for Growth and Poverty Reduction}. As Nicholas Stern, former vice president and chief economist of the World Bank, states, “Development is fundamentally a process of change. Central to this is the increasing productivity and intensity of agriculture, of people shifting from farms to industry and services, and from the countryside to towns and cities. Secure land tenure, especially for poor people and for women whose land rights are very often ignored, is a key condition for this, as is the ability to exchange land rights at low-cost” (World Bank 2003). The focus of these international institutions is to improve the efficiency of property rights, including establishing formal rights where they do not exist.

\textsuperscript{7} Created in 2003, the MCC conditions U.S. foreign aid upon recipient countries enacting institutional changes and policies that support poverty reduction through economic growth toward meeting the MDGs.
Such a poverty strategy, however, assumes that the primary goal of poverty alleviation is to increase personal and national income through increased production of private goods. What happens if the goal of poverty alleviation is to produce superior public goods such as improved education, greater access to quality health care or less domestic violence? Would a formal property rights approach to poverty reduction strategy still apply?

2.4 DEFINING POVERTY AND POVERTY-ALLEVIATION GOALS

2.4.1 A Market Perspective

Perhaps the most common way that people define and measure poverty is based on the idea that poverty is a shortage of income or consumption, described in this thesis as “income poverty.” The World Bank, for example, uses as a reference line $1 and $2 per day\(^8\) to measure personal income and consumption for its global comparison of countries’ different poverty levels. This measure is meaningless in a richer country like the United States, which uses a different income level to define poverty: $28 per day in 2005 for an adult younger than 65 with no children (U.S. Census Bureau 2006). Though the precise income levels used to measure poverty may differ by context, they all reflect the idea that poverty is a level that falls below a

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\(^8\) More precisely $1.08 and $2.15 in 1993 Purchasing Power Parity terms (World Bank).
specific income amount considered necessary for people to purchase what they need to thrive.\(^9\)

The market perspective assumes people who have adequate access to specific knowledge, technology and appropriate information can pursue new ideas and invest in new products, and thereby act as entrepreneurs and increase the wealth and value of their property (Jevons 1965; Menger 1981; Walras 1954; McMillan 2002). This view also assumes that greater economic capital and asset accumulation helps protect people against external shocks and allows them to expand their investments and incomes so they can individually or jointly with others operate at a level that yields economies of scale.

More recently, scholars have begun to recognize, however, that low income is an inadequate means of explaining the persistence of poverty and the lack of economic growth in many regions of the world. In Latin America and the Caribbean, for example, longevity (a proxy for welfare) has increased over the last 25 years despite modest-to-stagnant income growth, political instability and other crises (Perry et al. 2006). Sen, in his book Development as Freedom, documents that African American men, who have relatively high incomes, have lower life expectancy than Chinese, Costa Rican or Jamaican men. The World Bank notes that Chile, during the period

\(^9\) Scholars debate whether poverty is relative versus absolute. This thesis considers poverty from a relative context – that levels differ by country and social context – and therefore uses country-
1990-2004, had the fastest growing economy in the region, with an average annual per capita growth rate of 4.1 percent. Despite this growth, one in five Chileans remained poor through 2004. Moreover, the distribution of income in Chile is one of the most inequitable in Latin America (WDI 2004).

Given such findings, researchers have begun to look beyond traditional income measures and consider the multidimensional aspects of poverty. A multidimensional perspective of poverty does not ignore income; rather it equates deprivation with a much broader set of assets and capabilities (Sen 1999). These range from education, health care, freedom, longevity and human and civil rights, each of which are considered significant in its own right. Sen and other scholars argue that these deficiencies inhibit an individual from reaching his or her full potential, and that the more numerous the deprivations, the more severe the poverty.

Although the capability approach expands the notion of poverty beyond income, it still frames these capabilities in terms of market access, market performance and an individual’s ability to maximize his or her economic opportunities. For example, international bodies and research organizations working in the area of poverty alleviation continue to classify countries as low income, middle income and high income even though the World Bank and other organizations now acknowledge specific poverty measures. See Chapter 3 for further explanation.
that poverty is more complex than an income measure would suggest. Even for the MDG framework, which is designed to address other dimensions of poverty, including education, health care and women’s rights, the underlying assumption is that once people have the adequate capabilities to participate in the market, they will thrive (United Nations 2006). This market focus is further evident in the IMF/World Bank recommendations to developing countries on how to meet the MDGs, which focus on improving market performance and human capital10 (Global Monitoring Report 2004).

A fundamental problem with the market perspective of poverty reduction is the assumption that poor people lack access to a market or need greater participation in the market, and if that is solved, the market will take care of rest. This assumption stems from standard market theory, which relies on the Marshallian distinction between demand and supply (buyers and sellers), whereby the interaction of both helps entrepreneurs to determine the prices and quantities suitable for different markets. The interaction of supply and demand helps ensure market efficiency. In fact, however, this market exchange is not working in most poor communities. Many poor people do have access to markets; they engage in market activities on a daily basis. McMillan in his review of several poor countries’ economies found that some of the poorest countries

10 The recommendations call on developing countries to improve their enabling climate for private sector activity; strengthen capacity in the public sector and improve the quality of governance; scale up investment in infrastructure and ensure its effectiveness; and enhance the effectiveness of service delivery in human development.
generate more income via the market than more developed countries like Great Britain or Australia (220). Despite this inconsistency, the market perspective of poverty reduction persists.

This persistence of the market perspective largely stems from the reliance of economists on rational choice theory to explain social phenomenon. Rational choice theory stems from the accepted notion that rational human beings maximize their utility, which often is defined in terms of self-interest (Becker 1976). This theory assumes that individuals are the unit of analysis, and that they are driven to maximize their gains – most often expressed as economic gain – which also equates to an individual’s self-interest.

Few economists and scholars question this theory and its applicability to the social phenomenon of poverty, although Sen is a notable exception. Sen develops a critique in his introduction to Rationality and Freedom asking, “What exactly is utility-maximizing behavior?” (2002: 27). Is it general maximizing behavior with no restrictions on what is to be maximized or is it the fulfillment of one’s self-interest in particular? “That distinction is lost in a large part of modern economics,” Sen says, where “utility” is defined both as the maximum that a person can be seen as promoting as well as the representation of that person’s self-interest or well-being. By not distinguishing between the maximizing behavior and fulfillment of one’s self-interest,
Sen argues, rational choice theory denies that self-interest may be guided by other motivations, such as what Adam Smith called “moral sentiments.” The rational choice model remains powerful, however, in explaining many phenomena and in providing predictable models for testing. Perhaps its greatest flaw is that perfect market conditions must exist for these models to work, and perfect markets rarely exist.

2.4.2 A Social Perspective

Another school of thought views poverty as primarily a problem of well-being; it emphasizes how people associate with each other and benefit from their social relationships and interactions (Narayan 1999; Putnam 1995 and 2000; Coleman 1988 and 1990; Ostrom 1990). Instead of market access and income generation, this poverty camp argues that having access to social networks and being able to generate social capital is key to reducing poverty. While this social perspective shares concerns about overall well-being with economists such as Sen who focus on social capability and social opportunity, the social perspective emphasizes social relations, and not the individual, as the unit of analysis. The social perspective integrates concepts of social exclusion, social capital and social networks to explain poverty.

Social exclusion is a complex concept and relatively new in social science circles, so it lacks a common definition and standard measurements. “Indeed, social exclusion seems to have gained currency in part because it has no precise definition
and means all things to all people,” according to Atkinson (1998: 13). Despite this criticism, Atkinson has identified three overarching characteristics that distinguish social exclusion from other poverty terms: relativity; human agency; and dynamism.\footnote{Tony Atkinson is credited as being the first to use these three characteristics of social exclusion: (1) It is relative given a point in time; (2) It considers agency (people can exclude themselves (voluntary) or be excluded by others; and (3) It is dynamic, meaning it involves a present exclusion as well as a lack of hope in the future.}

Though some scholars maintain that income poverty analyses also integrate these ideas, most scholars consider social exclusion and poverty to be conceptually different, noting that social exclusion is inherently more inclusive and conceptually broader than income poverty (Todman 2004).

Broadly speaking, the social exclusion approach equates poverty with a breakdown of social ties resulting in a lack of social capital (Silver 1994; Jackson 2003). Social capital is conceived as the “glue” that holds groups and communities together by creating bonds or social networks of shared values, trust and norms (Narayan 1999). In this way, social exclusion moves beyond the idea that income poverty marginalizes individuals and social groups to embrace the idea that social capital is crucial to social exchange. According to this approach, people can be socially excluded without being income poor and vice versa (Narayan 1999; Atkinson 1998). Atkinson in his research
on unemployment in the European Union, for example, found that a social network and social capital approach helped explain why the European Union did not experience high rates of poverty even though the number of unemployed people was high, presumably leading to a deprivation of income.

The cornerstone of the social perspective is the idea that how relationships are structured affects exchange. In other words, depending on the network to which an individual belongs and the position a person holds in that network, he or she will have access to different people, information and other resources (Coleman 1988, Putnam 2000). Many scholars also contend that the structure of relationships themselves affect exchange (Coleman 1988; Putnam 2000, Narayan 1999; Granovetter 1973). Granovetter’s and Wellman and Wortley’s work, for example, distinguish between “strong” and “weak” ties. Newton’s work on social capital distinguishes between “thick” and “thin” forms of trust. Narayan distinguishes between “bonds” and “bridges.” Whether conceptualized as weak, thin or a bridge, these terms all relate to social network findings, which show that diffuse and heterogeneous networks link people to a greater variety of people, ideas, resources and possible opportunities.

Scholars do not yet know whether certain network structures are more conducive to economic development, poverty alleviation or improved health, though some evidence suggests that cross-cutting or bridging ties that link different people and
different networks hold promise (Narayan 1999; Granovetter 1973; Wellman and Wortley 1990; Putnam 2000; Rogers 2003). Several empirical studies have explored the links between social networks, social capital and social outcomes, but the results are inconclusive. Rogers, for example, looked at strong and weak family ties to see whether they correlate with one’s mortality risk. Instead, he found that family units often reorganize themselves to manage increased social and economic risks (1996). Cattell in her examination of health and poverty in several London communities found that different patterns of social networks enabled people and groups of people to access different forms of social capital and coping resources, with less dense and more heterogeneous networks – though not the most extreme on her scale – having the greatest access to different resources (2001).

While inconclusive, such findings suggest that social network structure indeed matters to poverty alleviation. As Narayan concludes in Bonds and Bridges: Social Capital and Poverty, “… for societal well-being or the collective good, a transition has to occur from exclusive loyalty to primary social groups to networks of secondary associations whose most important characteristic is that they bring together people who in some ways are different from the self” (12).
2.4.3 Comparing the Two Perspectives

The social perspective of poverty shares some important similarities to the neo-institutional economists’ focus on property rights. Both approaches agree that how communities manage opportunities and risk largely depends on the quality of the social mechanisms they use for exchange, whether markets or social networks. Managing risk, shocks and opportunities is a key aspect of achieving development. Both perspectives also acknowledge that perfect market conditions do not exist and, consequently, transaction costs accompany nearly all modes of exchange. Social capital plays a role similar to efficient property rights by lessening transactions costs as well as facilitating information flows, though it also can increase community memory and solidarity, and encourage greater participation of all community members. Moreover, similar to the asset properties of private property and income savings, people can use social capital as an asset to help them endure periods of transition and crisis (Narayan 1999).

Both perspectives also use transaction costs to determine efficiency, and they accept that some institutions (or network structures in the case of the social perspective) are better at lowering transaction costs than others. Inefficient institutions (or network structures) are those that maintain high levels of uncertainty, increase
transaction costs and thus inhibit development. Institutions are considered efficient if they reduce levels of uncertainty, decrease transactions costs and thus encourage development. Both perspectives also contend that norms and institutions evolve through people’s trial and error, bargain and negotiation, which optimally lead to efficient outcomes. Once established, however, groups tend to self-reinforce these norms, sometimes to a point of lock in, which can give rise to path dependence and underdevelopment.

Key differences between the two poverty perspectives are their incentive structure and the type of goods that the two social exchange mechanisms (markets and social networks) produce. These are discussed below.

**2.5 GOODS AND THEIR CHARACTERISTICS**

Economists generally define goods as an object or service (Bannock et al. 1997). Depending on how consumers access and consume goods, they can be classified into four types: private, public, common pool resource and club (Cornes and Sandler 1996). If an object or service is excludable and rivalrous, meaning that only one person can obtain and consume it, then it is a private good. If a good is non-excludable and

---

12 A good is *nonrival* or *indivisible* when a unit of the good can be consumed by one individual without detracting, in the slightest, from the consumption opportunities still available to others from that same unit. If, however, an agent’s consumption of a unit of a good fully eliminates any benefits that others might have derived from that unit, then *rivalry* in consumption or perfect *divisibility* is said to be present.
non-rivalrous, meaning that everyone can obtain and consume it, then it is a public good. Common pool resources and club goods fall between the two extremes (see Table 2.1).

<table>
<thead>
<tr>
<th>Goods’ Characteristics</th>
<th>Excludable</th>
<th>Non-excludable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rivalrous</td>
<td>Private good</td>
<td>Common pool resource good</td>
</tr>
<tr>
<td>Non-rivalrous</td>
<td>Club good</td>
<td>Public good</td>
</tr>
</tbody>
</table>

Source: Cornes and Sandler 1996

Different types of goods are associated with different market and production characteristics and challenges related to the Cournot-Marshall law of supply and demand. Because private goods are finite and their quantity diminishes if consumed by an individual, possibly to the point of not being available for another’s use, scholars theorize that they can be produced for profit more easily than a public good. Public goods tend to be produced collectively, perhaps through taxes or jointly through cooperation. Generating adequate amounts of support for public goods – such as education – often is problematic because there are fewer private incentives to do so.

Goods whose benefits can be withheld costlessly by the owner or provider generate *excludable* benefits. Benefits that are available to all once the good is provided are termed *nonexcludable* (Cornes
Because public goods are nonexcludable and non-rivalrous, producers cannot appropriate the returns from their creation and use. Accordingly, it is commonly accepted that public goods are more difficult, or even impossible, to produce for private gain.  

Scholars such as Hardin, who assume human rational choice in a public or common goods environment, note that collective action problems occur when goods are publicly produced – a problem characterized as “free riding” (Barzel 1997; Olson 1971; Ostrom 1990; Cornes and Sandler 1996). Hardin suggests that over time, free riding – where people are free to consume a good without contributing to its production – leads to the over consumption and underproduction of the public or common good, a phenomenon known as “tragedy of the commons.” Similar collective action problems can occur in the provision of club and common resource goods even though they share some of the excludable and rivalrous characteristics of private goods. For example, crowding and congestion often result in the provision of club goods because one’s use of the good decreases the benefits or quality of service for the remaining users (Cornes and Sandler 1996).

13 The market also generally fails to account for the positive externalities associated with producing public goods.
Applying these characteristics and challenges to the poverty literature, one could argue that inherent in the two different poverty perspectives are different incentive structures related to the type of good being produced. In a market economy, people have more of an incentive to produce private goods. One way to measure such an output is to look at indicators of income generation and wealth – both common indicators for measuring poverty levels. In contrast, a social perspective of poverty reduction, which looks at the generation of social capital and improvements in well-being as an indicator of success, is producing a public or common good. Possible indicators of success for the social perspective to poverty reduction include greater literacy, good health, violent-free communities, gender equality – all which are public or common goods.

Categorizing the poverty strategies by the type of goods they produce also provides insights on how to address the challenges associated with these goods’ market challenges. To address the free-rider problem, for example, some scholars advocate the conversion of impure public goods\(^\text{14}\) – club and common resource goods, also known as quasi-public goods – into private property. Hardin, for example, argues that because of free-rider tendencies in commons where no one has the incentive to invest and no

\(^{14}\)Because public goods are nonrivalrous and nonexcludable, they cannot by definition be converted into private property. Club goods and common resource goods are considered impure public goods because they provide similar public benefits as public goods, but because they share some characteristics of private property, they can be privatized in different ways (Cornes and Sandler).
one has the power to enforce established rights, private property rights that are established and enforced by the state are needed to sustain a commons over time (Dietz, Ostrom & Stern 2003). The economist DeSoto makes similar assumptions in his survey of why poverty persists in developing countries, concluding that a transformation to a private property structure is the answer to capitalizing poverty.

This privatization perspective, however, ignores the fact that people pursue motives other than “rational choice” and that alternative incentive structures exist to manage different goods. As Cornes and Sandler note in their research on club and public goods, “It can be instructive to pay careful attention to the attractions and limitations of alternative institutional frameworks for delivering goods and services, rather than start with the assumption that because of certain well-established inefficiency theorems, pure public goods pose intrinsic problems” (1996: 64). As an example of different management options, Ostrom, in her observations of common pool resource systems throughout the world, observed that many such resources are managed in a sustainable manner by limited access common property regimes, informal rules that local communities have devised for themselves. Moreover, she found that the best governed commons systems were in rural communities where the state or another central authority did not impose its rules, but where the communities devise, monitor and enforce the rules themselves.
Proponents of formal property rights might look at Ostrom’s findings and argue that such informal rules may work to facilitate the exchange of common goods, but that does not necessarily lead to the most efficient exchange – which is at the heart of the poverty problem from a market perspective. Recent empirical findings from Ostrom, however, suggest that different property right types differ little when it comes to achieving efficiency, except when it comes to the free-rider problem. Her research suggests that informal rules that focus on building social capital are equally efficient in providing private, market-based goods and more efficient in providing common and public goods because they better prevent free-riding (Ostrom et al. 1993).

In an examination of building rural infrastructure in developing countries, Ostrom et al. examine the economic performance of several institutions, both market-based and community or public-based, to see whether one type outperforms the other (1993). To measure efficiency, they consider both the production and provision costs of the institutions, which cover an array of information and coordination costs, including what they term “strategic costs,” which include free-riding. By accounting for the different categories of production and provision costs, Ostrom et al. create a typology of institutions where each has different benefits and trade-offs given a particular circumstance or environment and culture.

15 The strategic costs also include rent seeking and corruption.
Of interest for this thesis are the categories of simple and differentiated markets and user groups. In a simple market, individual consumers seek out producers and work is accomplished in quid pro quo exchanges. Property rights here are more informal than formal. Differentiated markets include quid pro quo exchanges as well as more complex ones where firms help connect consumers and producers, allowing for greater coordination and economies of scale, which are not available to individuals acting alone. Property rights here are more formal than informal, though they are mixed. Finally, user groups are consumers who organize themselves to assume the role of the firm in market transactions, much like a farmers’ cooperative. Property rights here also are more informal than formal. The theoretical comparison finds that production costs are about the same regardless of whether they occur in either market or user group settings (Ostrom et al. 1993). Differences occur when one compares the costs involved in providing the common good. User groups have higher coordination costs because they are interacting with more people essentially one-on-one. On the other hand, user groups also have lower strategic cost, including free-riding, which on balance increases their efficiency in providing a common good.

| Table 2.2: Free-riding Costs and Different Property Right Types |
|-------------------|-------------------|-------------------|
| Property Right Type | Transaction Costs To Provide Common Good (General) | Free-Riding Costs (Strategic Costs) |
| Simple | Informal | Similar | Medium |
To address free-riding and other challenges related to the type of good being produced, the market and social approaches to poverty reduction may need different incentive structures. For example, a profit incentive may be needed for a market approach to poverty reduction where the benefits accrue to an individual whereas a cooperative incentive may be needed for a social approach to poverty reduction where the benefits accrue to the community. This suggests that for property rights to succeed in helping to alleviate both types of poverty, different types of property rights – formal or informal – may be needed.

2.6 FINDING A BALANCE: BEST SET OF RULES

As the literature suggests, whether defined as a lack of income or social capital, scholars view poverty as the result of inefficient social mechanisms, be they markets or social networks. Poor people lack access to social networks, markets or both. Moreover, as systems evolve and norms reinforce the status quo, resultant lock-in and path dependence can prevent people and institutions from seeking to change the
very rules governing their lives. The question becomes what incentive or impetus is needed to break the hold of poverty?

Several distinguished scholars and international decision makers are calling for the establishment of formal property rights structures to provide this impetus, but the literature demonstrates that before an appropriate incentive structure can be determined, it must be clear what type of poverty reduction is being pursued. For, what needs to be produced depends on what is deemed to be lacking. For example, an increase in income or the accumulation of assets (benefits that accrue to an individual) may require a formal private property rights structure, where the incentive is based on individual maximization for profit and individual gain. This same incentive structure, however, may not be conducive to generating social capital and achieving social welfare benefits such as improved health and non-violent communities. In fact, pursuing one approach might come at the expense of the other, which in the end could undermine both economic and social well-being. As Easterly says in *The White Man’s Burden*, “A society could get caught in a disastrous in-between situation in which the networks break down, disrupting the previous trades, but the formal system still operates imperfectly, limiting the scope of new trades. Having two sets of rules is often worse than having only one” (101).
In fact, the preferred outcome for poverty reduction most likely will come from communities that manage to find an effective balance of both formal and informal property rights. Literature on social networks and social capital suggest that different network structures are involved in creating social capital and social well-being, and that some bridging ties are necessary for both social solidarity as well as innovation and growth (Cattell 2001; Granovetter 1973; Narayan 1999). Other social scientists also have found that mixed network patterns most effectively promote individual growth without sacrificing a sense of community (Hirsch et al. 1990).

Several neo-economists similarly acknowledge that both types of property rights (formal and informal rules) are crucial to how economies function, thrive and fail (North 1990; Barzel 1997). Hopcroft, in her examination of economic change and rural institutions in pre-industrial England, for example, demonstrates how state policies, specifically state-enforced justice systems and property rights, were central to promote development in more innovative areas of England. Yet these institutions and policies alone were not enough in the more rural areas of England. Informal local institutions gave rise to more innovative and productive agricultural practices and social systems that served to catalyze change in other areas of England. Hopcroft’s analysis emphasizes that “local institutions play an important role in development the same way state institutions do, by shaping costs and choices for individual producers,
and that the effects of such local institutions can be of great importance for ultimate outcomes” (278). As Nee and Ignam point out: “When the formal norms of an organization are perceived to be congruous with the preferences and interests of actors in subgroups, the relationship between formal and informal norms will be closely coupled. This close coupling of informal norms and the formal rules of the organization is what promotes high performance in organizations and economies” (Nee and Ignam: 34).

A matrix of institutions with different tradeoffs and benefits emerges from these combined research findings.

<table>
<thead>
<tr>
<th>Poverty Approach</th>
<th>Good Type</th>
<th>Property Rights Structure</th>
<th>Tradeoffs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Perspective (Income poverty)</td>
<td>Private</td>
<td>Formal</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Low-to-moderate</td>
</tr>
<tr>
<td>Social Perspective (Social well-being)</td>
<td>Public</td>
<td>Informal</td>
<td>Low-to-moderate</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>High</td>
</tr>
<tr>
<td>Mixed</td>
<td>Collective(^{16})</td>
<td>Complementary Mix</td>
<td>Moderate</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Moderate</td>
</tr>
</tbody>
</table>

\(^{16}\) Impure or quasi public goods, i.e., both club goods and common resource pool goods.
Given that formal and informal property rights present different efficiency problems and that these differences relate to the type of good provided, this thesis asks the question, under what conditions do formal and informal property rights serve as a means of reducing poverty. It then examines the cost-benefits and trade-offs of pursuing one strategy versus another. Answering these questions is important not only to better understand the relationship and interrelations of formal and informal rules, but also to ensure that poverty reduction policies that advocate property rights do not in fact lead to more harm than good.

This thesis will use a case study approach to examine the following hypotheses:

- If poverty is defined as a lack of income or economic capital, and its alleviation is measured as an increase in income (a private good), then a social environment that fosters efficient formal property rights would be more conducive to poverty alleviation than one that does not.
- If poverty is defined as a lack of social capital, and its alleviation is measured as an increase in social capital (a public good), then a social environment that fosters efficient informal property rights would be more conducive to poverty alleviation than one that does not.
- If an optimal poverty-reduction outcome is defined as an increase in both economic and social capital, then a social environment that fosters efficient informal property
rights that complement efficient formal property rights would be more conducive to poverty alleviation than one that does not.

The case studies will examine and describe changes in social capital and income measures for three communities in Namibia, Uganda and Zambia toward assessing a possible association between formal and informal property rights and the type of poverty amelioration experienced during the 1990s (production of private or public/common goods). The criteria for that association would include the following three outcomes: (1) the poor individuals in the community guided primarily by a formal property rights structure experience increases in income but not necessarily social capital; (2) the poor community guided primarily by an informal property rights structure experiences increases in social capital but not necessarily income; (3) the poor community with a hybrid property rights structure (formal property rights complemented by informal property rights) experiences increases in both income and social capital. For the purpose of this thesis, efficiency is assumed if the desired outcome is met.

Chapter 3 further outlines the research methodology, including descriptions of the measurement proxies for income and social capital.
Chapter 3: RESEARCH METHODOLOGY

As established in the literature review, formal and informal property rights present different efficiency problems that can be associated with the type of good a poverty-reduction strategy is providing (private versus public/collective). In other words, different property rights strategies confer different benefits and costs. This thesis will use a case study approach to examine the cost-benefits and trade-offs of pursuing one strategy versus another toward understanding the broader policy question: under what conditions do formal and informal property rights serve as a means of reducing poverty.

This chapter outlines the research methodology and measurements to be used in the case studies and the rationale for their selection.

3.1  THEORETICAL HYPOTHESES AND RESEARCH MODEL

The literature review in the previous chapter established the following theoretical hypotheses:\textsuperscript{17}:

- If poverty is defined as a lack of income or economic capital and its alleviation is measured as an increase in income (a private good), then a social environment that

\textsuperscript{17} For the purpose of this thesis, efficiency is assumed if the desired poverty outcome is met. For social poverty, that is defined here as an improvement in longevity and educational attainment (see Section 3.4.3).
fosters efficient formal property rights would be more conducive to poverty alleviation than one that does not.

- If poverty is defined as a lack of social capital and its alleviation is measured as an increase in social capital (a public or collective good), then a social environment that fosters efficient informal property rights would be more conducive to poverty alleviation than one that does not.

- If an optimal poverty-reduction outcome is defined as an increase in both economic and social capital, then a social environment that fosters efficient informal property rights which complement efficient formal property rights would be more conducive to poverty alleviation than one that does not.

To establish that an association exists between a property rights structure (formal versus informal) and the type of poverty-reduction good expected (private versus public/collective), the analysis in this thesis would expect to find the following historical outcomes:

- poor households in a community governed primarily by formal property rights structures experience increases in income but not necessarily social capital;

- a poor community governed primarily by informal property rights structures experiences increases in social capital but not necessarily income;
• a poor community with a hybrid property rights structure (formal property rights complemented by informal property rights) experiences increases in both income and social capital.

The above hypotheses and assumptions present the following research model:
3.2 CASE STUDY METHODOLOGY

This research uses a case study methodology to describe and analyze the historical transformations of different property rights regimes and their association with different poverty-reduction outcomes.

The case study methodology was chosen over a more quantitative approach because the social processes and variables involved in the evolution of property rights and other social mechanisms are quite complex. The case study approach allows a researcher to examine the dynamic social processes in a multifaceted way (Collier 1993). Using solely quantitative measures might mask important information and insights on how and why associations may be occurring (Ragin and McKeown in Brady and Collier 2004). Moreover, available quantitative data for this purpose are severely limited.

The case study methodology satisfies three tenets of the qualitative method: describing, understanding, and explaining (Yin 1993; Brady and Collier 2004). The case studies here will follow a descriptive approach using a theoretical hypothesis to explore a cause-and-effect relationship between property rights strategies and poverty-reduction outcomes. The case studies will describe possible associations between property rights and poverty-reduction outcomes based on criteria established from the literature as described later in this chapter.
Some scholars criticize the case study approach because it uses only a single or handful of cases, arguing that findings cannot be generalized or universally claimed (Popper 1957; Yin 1993; Hamel et al. 1993). However, if generalizations from results are related to established theory, the case study methodology can be a valuable tool for researchers (Yin 1993; Munck in Collier and Brady 2004). Case studies that reinforce or refute established theory in fact increase scholars’ confidence in that theory and/or lead to expanded learning (Munck in Collier and Brady 2004).

3.2.1 Case Study Selection Rationale

Using a case study methodology, this thesis reviews historical changes in the social and economic exchange mechanisms of three sub-Saharan African communities, focusing on the period from the 1990s to early 2000s when many countries changed their property rights structures and concerted poverty-reduction efforts were being made. The communities include the Ohangwena in northern Namibia, the Masaka in the Lake Victoria region of Uganda, and the Monze in southern Zambia.

These communities were chosen for study because although their circumstances are relatively similar, they have adopted different property rights systems. All three communities generated strong community identities, with well-established norms and traditions of economic exchange, particularly with regard to land use rights (informal property rights) prior to colonialization (Wiley and Mbaya 2001). Likewise, all three
communities experienced significant social and economic upheaval and were occupied by similar colonial powers, primarily Britain, an experience that accounts in part for their institutions and norms (Bertelsmann 2003; Wiley and Mbaya 2001). In addition, most sub-Saharan African communities have experienced periods of conflict and extreme poverty, even famine, which most likely strained informal social networks as well as altered existing institutions and norms.

These three cases allow us to examine the possible effect of different property rights approaches on social and economic development, because property rights varied among them and over time in the period between post-colonialism and post-independence:

- **Formal Property Rights Case Study:** Upon independence, Namibia (formerly under central, authoritarian state control) essentially adopted the free-market approach, which had existed in the South African protectorate.

- **Informal Property Rights Case Study:** Uganda, which followed a more decentralized approach to governance, has resisted adopting a formal private-property rights system, seeking instead an approach that

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18 In Namibia (then South West Africa), the colonial power was Germany until 1915 when it then became a protectorate of South Africa under British rule. The community being examined in this thesis dates back to the Ovambo, which were not initially colonized by the Germans because of their geographic isolation and military strength.
is consistent with its cultural norms in support of communal property and local decision making.

- **Mixed Property Rights Case Study:** Zambia (also formerly under centralized and authoritarian rule) falls between: Many investors view it as having a fairly well-established formal property rights structure, but outright private ownership is not allowed due to cultural norms supporting communal property.

3.3 EXPECTED FINDINGS

If the three hypotheses identified in this chapter are correct, the historical analysis of these three communities is likely to yield the following findings:

- Namibia will exhibit the strongest economic indicators of poverty reduction, but weaker indicators of social capital improvements.
- Uganda will have weaker economic indicators of poverty reduction, but the strongest indicators of social capital improvements.
- In Zambia, the community will show both strong economic and social capital indicators.

3.4 DEFINING TERMS AND MEASURES

3.4.1 Defining and Measuring Economic Poverty
Poverty for the purposes of this research is defined in terms of a person’s income and food consumption patterns. To measure the level of income poverty at the community level, this research uses national census data to track changes in poverty levels as established by that country. Though this data is country-specific and prohibits comparison across case studies, such a cross comparison is not needed as this research is tracking only case-specific changes in economic poverty levels.

A food security indicator has been added to complement the information gleaned from the national census data on wage patterns within the communities. This step was taken because the case study populations primarily are engaged in agriculture or informal market activities where formal wages may not be earned (FAO 2003). A food security measure allows this research to capture possible changes in consumption patterns that may be more closely tied to the informal market (Charmes 1998; Levin et al. 1999). It also provides information on the distribution of poverty reduction. For example, a community can experience an overall reduction in its poverty rates based

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The concept of poverty has evolved significantly over the past three decades, and with it income-related measures. Though debates exist and different models of poverty use different indicators, household income as a measure of poverty is relatively well established, so its validity will not be confirmed here. (See Chapter 2 for a literature discussion of poverty and related measures.)

Most labor-market activities are renumerated in cash, which is exchanged for food – the model used for most food security measures. Many informal market activities, especially in agriculture, involve the transfer of food directly to employees. Thus, a household engaged primarily in informal market activities could be food secure though they technically rank as poor based on income alone (DeRose et al. 1998). By examining both indicators, this research hopes to capture possible changes in both the formal and informal sector.
on income, but food security might remain the same or worsen. This would indicate that the economic improvements are not reaching the most poor.

Several definitions, concepts and measures exist for food security, though most scholars agree that food insecurity – sometimes referred to as hunger – is an indicator of the most severe form of poverty (Maxwell et. al 1992; Dreze and Sen 1989). This research uses the 1996 World Food Summit definition: “Food security, at the individual, household, national, regional and global levels [is achieved] when all people, at all times, have physical and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life” (FAO 1996). Food security data usually measure whether a household has access to and/or can afford enough food to ensure that its members are well nourished. Typically food security measurements are indirect and based on food balance sheets and national income distribution and consumer expenditure data (FAO 2002). Because food is a basic necessity and food security measures are so closely tied to a household’s ability to purchase and otherwise access food, this thesis assumes that if households are food insecure, they also are poor.21

21 From a traditional income-consumption perspective of defining and measuring food security, food security can be considered a private good, which is the rationale here for using it as an economic measure. It is important to note, however, that beginning in the mid-1990s, several scholars began to recognize that food behaviors and preferences are socially and culturally determined (Mazwell et. Al 1992; Dreze and Sen 1989; Konandreas et al. 2000); some might even argue that food security actually is a public or collective good. The author would not disagree with this point, but still finds value here in using food security as a complementary income measure.
Data on household food security levels will be taken from national census data as well as surveys that were conducted as part of a broader study by a Food and Agriculture Organization of the United Nations (FAO) program, the Integrated Support to Sustainable Development and Food Security. More information on this study can be found in Section 3.5.

3.4.2 Defining Property Rights

As detailed in Chapter 2, property rights are important to economic exchange because they set the terms of trade. Specifically, they are the “rights individuals appropriate over their own labor and the goods and services they possess” (North 1991: 33).

This research seeks to explore the different roles that formal and informal property rights might play in reducing poverty. Here, formal property rights are defined as legal rights, which are enforced through legal institutions such as courts of law (North 1990, Sened 1996). Informal property rights are defined as the social mechanisms such as stigma, reputation, gossip and exclusion that define ownership; how property can be used, divided and recreated; who receives any property-related gains or losses; who enforces these rights; and how these rights are enforced (North 1990).
Part of this research includes identifying what type of property rights structure is in place and how it might evolve over the time period in question. To determine current property rights structures, country-specific legal documents and investor assessments have been consulted, as well as historical and anthropological literature to gain a picture over time. Data on current informal property rights largely is taken from qualitative surveys that were part of the FAO’s Integrated Support to Sustainable Development and Food Security Program study (see Section 3.5).

3.4.3 Defining and Measuring Social Capital

Social capital measures are relatively new to social science (see Chapter 2). Most scholars agree that the idea of social capital dates back to Coleman’s seminal study of the factors leading to successful educational completion, in which he quantified social capital as a confluence of indicators that included the ratio between the number of adults in a family and the number of children who could rely on them for educational support and the number of times a family moved and average church attendance (Coleman 1988).

Though relatively new, most scholars agree that social capital is relational and only exists when it is shared (Narayan and Cassidy 2001). “Whereas economic capital is in people’s bank accounts and human capital is inside their heads, social capital inheres in the structure of their relationships. To possess social capital, a person must
be related to others, and it is these others, not himself, who are the actual source of his or her advantage” (Portes 1998 as cited in Narayan et al. 2001: 60). Herein lies the challenge of measuring social capital: How to capture the advantage/disadvantage experienced through relationships?

Efforts to measure social capital vary related to differences in definitions and data availability. Scholars such as Narayan and Putnam have expanded proxies for measuring social capital to include ratios of political and civic participation, church attendance and associational activity, among others (Narayan 1999 and 2001; Putnam 1993). These studies vary, however, in how they capture this information because each community presents different data availability and collection challenges. The researchers themselves also often focus on different dimensions of social capital such as group characteristics, generalized norms, togetherness, volunteerism and trust, which lead to different measurement approaches (Narayan 2001; Knack and Keefer 1997; Putnam 1993).

Despite such differences, new developments in the field are moving social science closer to a common framework for discussing, measuring and analyzing social capital. Social network analysis, for example, has gained ground in recent years due to advances in computer modeling (Everett et al. 1999; Carrington et al. 2005). It has a particular strength in identifying such network characteristics as actor centrality,
cohesion, density, degree of homogeneity and structural equivalence, which provide insights to the processes at work with social exchanges. Social network analysis also allows more than one network to be examined, so one can consider both personal and interpersonal networks as well as how the two intersect to get at questions of both individual agency and structural constraints. Wellman and Wortley, for example, used this analysis tool to explore the conditions under which community members helped each other and found that the availability of support depends on how many different social ties are in a network and what types of ties they are (1990). They also noted the importance of looking at both an individual’s “intimate network members” and her “significant network members” (Wellman et al.: 562). Using this type of analysis, researchers can calculate centrality measures of interpersonal networks (how affiliations in organizations relate people against the choices they made) as well as the core-periphery of interpersonal networks to gain a better sense of how groups of people might break off into cliques or clusters; Narayan (2001) and Putnam (1993) cite group association as a possible determinant of social capital.

To allow for historical analysis, scholars also have begun to devise proxies and collect data to measure social capital at an aggregate level for cross-comparison of countries. Examples of these include Knack & Keefer’s World Values Survey, which includes proxies such as the strength of trust and civic norms. The World Bank has
also established its Social Capital Analysis Toolkit (SOCAT), which provides a theoretically grounded and tested instrument for measuring social capital using a multidimensional questionnaire (Grootaert and Van Bastelaer 2002). Building on earlier work, the SOCAT examines dimensions such as associational activity, civic trust and cooperation and participation in group activities. The World Bank has used this tool to measure social capital at the regional level in Mali and India, for example. The National Planning Commission in Colombia developed a similar instrument, the BARCAS, to measure regional differences in individual social capital (Sudarsky 1999). New social capital measures also are being added to aggregate economic databases, such as the World Bank’s Doing Business Indicators, which now capture proxies for “trust” (www.doingbusiness.org).

A key shortcoming of these social capital proxies is that they only measure social capital as it exists at any given point in time. Though the aggregate measures such as SOCAT and BARCAS eventually should allow for time comparisons, data currently is not available for such analyses. Moreover, these aggregate country-level measures do not provide information on the local processes of how social capital emerges and evolves.

To adequately measure the emergence and evolution of a community’s social capital over time, one would need to implement a fairly complex research design. The
study would need to incorporate a longitudinal measure of communal social capital using an instrument like SOCAT or BARCAS as well as a social network analysis of respondents’ social links during the same time period. To study how social capital emerges and evolves, such studies would need complementary social network analyses of the institutions and communication mechanisms facilitating the exchange.

Unfortunately, the longitudinal data does not currently exist, and the field work needed for a social network analysis – even just for the current snapshot of time – is beyond the scope of this thesis. Thus, in this thesis, we will use proxies of social capital that are informed by the theoretical work derived from the quantitative and qualitative surveys of FAO’s Integrated Support to Sustainable Development and Food Security Program study (see Section 3.5). These proxies include group association and trust, which we chose based on Narayan’s 2001 review of several social capital indicators.22 This inventory of social capital measures and related surveys found that group association and trust were the two indicators held most common across current surveys (Narayan et al. 2001: 63).

Based on insights taken from the Narayan inventory of the most recent social capital surveys, group association will be measured as:

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• The number of groups and community associations, including churches and labor organizations.
• The membership and density of these groups.
• Presence of group leaders.

Qualitative data will be used to describe trends for these areas as quantitative data is not available.

We will operationalize trust as group cohesiveness. Knack and Keefer provide a thorough review of trust and civic participation as measures of social capital in their cross-country investigation of whether social capital has an economic payoff (1997). They found that community polarization can increase rent-seeking activities that undermine trust and weaken cooperative norms (1279). This research will use their proxy for polarization to capture community trust. They measure it as:

• % of income inequality.
• Ethnic, language and religious homogeneity.

To Knack and Keefer’s measure, we will add educational achievement, rural/urban mix and household type (who heads the household, men, women or children) based on Marsden’s work, which has found that the composition and interactions of networks can shift significantly depending on the network’s mix of age,
education, race, sex and place of residence (1987: 126). Age is not included because of data constraints.

To capture changes in the homogeneity of these different measures, a descriptive scale was added to categorize levels of homogeneity. A measure of 10 or 0 is “homogenous”; 9 or 1 is “fairly homogenous”; 8 or 3 is “slightly homogenous”; 7 or 3 is “slightly heterogeneous”; 6 or 4 is “fairly heterogeneous”; and 5 is “heterogeneous.” These values then will be summed and averaged to create an overall homogenous index for cross-comparison purposes.

The examination of community coping strategies will be qualitative in nature, and will stem from qualitative surveys conducted as part of FAO’s Integrated Support to Sustainable Development and Food Security Program study among other literature sources (see Section 3.5).

As noted in the literature review, social capital is a social construct and not always efficient. This means that increases in social capital feasibly could lead to worse social and economic outcomes. Researchers have noted, for example, that some communities with high levels of social capital exhibit more conservative attitudes and lack tolerance for difference, which can create fissures in a community (Putnam 1995).

23 Of interest, Knack and Keefer do not find a decline in group membership to be associated with economic growth in contrast to findings of Narayan (2001) and Putnam (1995). Because group association remains a central social capital measure in the literature, it will be used here.
To describe how social capital is affecting a community’s development, it is important therefore to also examine the poverty outcome associated with that change in social capital. This research will use longevity and education as indicators of efficient social capital outcomes as related to poverty reduction (Coleman 1988; Putnam 2000; Wilkinson 1996).

3.5 FAO Integrated Support to Sustainable Development and Food Security Program

The FAO’s Integrated Support to Sustainable Development and Food Security program is a cross-sectoral program that seeks to promote interdisciplinary collaboration within FAO, the public sector and civil society in partner countries to address poverty, sustainable development and food security (FAO 2003). Through this program, the members of the FAO staff are collaborating with institutions in Namibia, Uganda and Zambia to develop a strategy for the agricultural sector to mitigate the affect of HIV/AIDS on food security and rural livelihoods.

A first step in the FAO consultative process was to conduct baseline surveys of select communities within the three countries to gather quantitative and qualitative data on the issues of poverty, food security, HIV and AIDS, and coping strategies. The quantitative surveys include sections on household demography, agricultural landholdings, crop husbandry, land preparation methods, farm equipment, household
members’ involvement in various farm activities, sources of income/expenditures, illness and death in the household, labor constraints, how households cover medical and funeral expenses, and food security status. The qualitative survey used community meetings, focus group discussions and household interviews to collect information on the loss of agricultural knowledge, access to rural institutions and community structures, household food security and nutrition, and gender divisions of labor. The surveys asked respondents to compare their current situation (2002) to their situation five years prior (1997).

Each survey had slight modifications in its methodology, sampling strategy and challenges. A significant challenge for all surveys was that respondents found it difficult to recall events and conditions that occurred five years earlier, particularly those related to financial issues. For example, respondents could not recall the exact income and expenditures of their households, so the FAO research team changed the section of the questionnaire to investigate the sources of income and expenses (FAO 2003: 5). Where possible, we supplement the FAO data with other data sources. Additional details on the FAO study’s methodology and limitations can be found in the respective reports (FAO 2003).
CHAPTER 4: NAMIBIA CASE STUDY

4.6 INTRODUCTION

The Namibia case study examines income poverty and social capital trends for the Ohangwena region in the 1990s. Its aim is to examine whether an association exists between a property rights structure (formal versus informal) and the type and form of poverty-reduction witnessed (private versus public/collective good). More specifically, the case explores whether Namibia’s dominant private property structure in fact leads to the strongest economic indicators of poverty reduction and weaker social capital indicators as detailed in the previous chapter.

This chapter begins with a brief snapshot of how informal rules changed in Ohangwena (historically known as Ovamboland) during the colonial years to independence, and how formal property rights changed post-independence. It then presents the economic and social capital findings for Ohangwena during the 1990s, and concludes with a brief summary of how these findings relate to the thesis’ hypothesis.

4.7 INFORMAL RULES: TRANSITIONS DURING COLONIAL YEARS TO INDEPENDENCE

Increasing social and economic differentiation as a result of labor migration and the consolidation of large farms and ranches in northern Namibia largely describes the transformation of informal rules in Namibia’s Ovamboland from the period of colonial occupation to independence.
At the time of colonialization in the 1990s, the Ovambo kingdom was a strong, centralized state with a complex system of informal property rights. Kings and tribal leaders provided protection to their people in return for taxes and tribute (Hayes 1992; McKittrick 1997). Most land was considered communal property, although the kings and tribal leaders dictated and controlled who could access property as well as how user rights would be determined (Pankhurst 1996). Kings governed with the aid of counselors, who normally acted as district headmen. These district headmen would sell the lifetime use rights of their allocated property to local heads who would then divide the land into 10 to 20 homesteads, where most Namibians were permitted to lived in exchange for gifts and taxes to the heads and district heads. When district councils replaced the formal headmen during the colonial period, this system of land tenure remained intact. It remained in place up until independence (Notkola et al. 2000).

The Ovambo king’s military and political strength may have helped to keep the colonial powers at bay, limiting to a degree British influence on property rights during this period (Hayes 1992; McKittrick 1997; Pankhurst 1996). Under German rule, the northern area had been established as an area of native territories, with no police or military presence. Little changed under South African rule, although the state did set

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24 Namibia was first a colony of Germany in the late 1890s, and then became a South African directorate in 1915, essentially placing it under British rule.

25 Research into Namibia’s land tenure systems, especially during the colonial years of 1920 to Independence, is significantly limited. Earlier work tended to categorize Namibia’s history as similar to
up an office for the native commissioner in the area (Notkola et al. 2000). Unlike other British and German colonies, settlers did not move into Ovamboland, so people were not formally displaced from their land (Pankhurst 1996; Tvedten 1995). The state also did not pass legislation—the Natives Land Act—forbidding Black people to purchase and own land, as occurred in South Africa, for instance (Pankhurst: 414). That said, the state did restrict the Ovambo’s mobility. People could only leave the area to work in the white settler areas with a government pass. (Notkola et al. 2000). This restriction greatly curtailed the development of market activities for the Ovambo as they had no access to other markets.

Despite their relative independence, the Ovambo people experienced significant economic and social changes as a result of the colonial presence in Namibia, especially related to migrant labor. The South African government needed migrant laborers to work in the white settler areas, primarily in the mines. Whereas in other colonies, the government passed labor laws requiring people to work, in Namibia such laws were unneeded. A combination of population growth and declining agricultural income,, high taxation from local leaders (and the state), and people’s new interests in

South Africa’s colonial experience – one of land displacement. But more recent work is beginning to reveal important differences (Hayes 1992; McKittrick 1997; Pankhurst 1996).
purchasing “modern commodities” fueled farmers’ need for cash income, which increasingly drove adult men to work in the mines. Kings and headmen profited from this development by extracting gifts from returning workers (Notkola: 4). Some scholars also suspect colonial powers were able to arrange economic deals with tribal leaders, who then levied heavier taxes, forcing men to migrate to urban areas for work (Pankhurst: 414).

This labor migration eroded the social networks and social capital in Ovamboland. McKittrick, in her examination of kinship and marriage in northern Namibia during the 1950s, describes the strain that migrant labor placed on families and households. By this period, nearly one-third of adult men were absent from communities, and all men worked outside the community for at least one period of three-to-five years. Some never returned (McKittrick 1997). Remittances back to households gradually dwindled, as some men took on new families in the settler areas, and thus assumed new household responsibilities and obligations. These experiences greatly affected the transformation of Ovambo social structures, relations and identities, and fueled the deterioration of traditional systems of reciprocity and redistribution in the communities.

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26 McKittrick in her examination of kinship and marriage in northern Namibia in the 1950s observes that migration largely started because many people of the Ovambo increasingly wanted urban items that denoted status and prestige to signify both wealth as well as their new Christian identities. The first missionaries arrived in Ovamboland in the 1870. By the 1940s, half of the Ovamboland population was Christian (McKittrick: 274; Notkola et al.:4).
This deterioration of social networks and social capital in Ovamboland occurred alongside increasing economic differentiation and income inequality. Unlike other colonial governments, the state did not legally formalize communal tenure in Namibia, so there were no legal restrictions on the amount of property and assets that Black people could accumulate. As a result, both communal and formal systems existed side-by-side. This situation caused increasing conflict as some Black Namibians – primarily those with power and influence under the king (later local chiefs) – and eventually white settlers purchased more and more land, which they began to enclose. Some people were left landless.\textsuperscript{27} In the 1960s, the state strengthened the power of homeland administrators to allocate, sell and lease communal land (Pankhurst: 418). This practice led to the consolidation and growth of already large ranches and commercial farms. The result was wider gaps between those who owned property and had wealth and those who did not.

By the time Namibia attained independence on March 21, 1990, the Ovambo area was marked with high income inequality and weak social networks, in other words, low social capital.

\textsuperscript{27} Much of the land in the North had been communal property, which once enclosed left its inhabitants landless. This enclosure and land dispossession issue became a sticking point for land reform.
4.8 FORMAL RULES: TRANSITIONS DURING POST-INDEPENDENCE

Independence provided Namibia with an opportunity to redefine its property rights structure. Nonetheless, despite the numerous land debates that occurred in the 1990s, the rights of the most powerful – current private property owners – prevailed. The distribution of land and allocation of property rights remain largely the same today as they did at the time of independence (Wiley et al.).

The land debates during the 1990s centered on three key issues: restitution of land lost prior to independence; a push to privatize and develop property; and the need to address customary land rights in the post-independence legal framework, such as the existing fenced-in communal property in the North.

The issue of property redistribution proved the most fractious, even though it had helped to unify opposition groups fighting for independence in the 1980s. At the time of independence, white settlers owned nearly 45 percent of land in Namibia under freehold tenure. Moreover, absentee landlords held an estimated 50 percent of these freehold lands (Adams and Werner 1990). Some of these freehold lands resided in the North where most indigenous Namibians lived, many on communal property. Many of these communal properties were enclosed as people purchased “private property” talks in the 1990s (see Section 4.3).
under the freehold system. Supporters of communal lands wanted these fences removed and the land’s communal status formally recognized.\textsuperscript{28}

Despite popular support for the redistribution of lands, the idea faltered. On assuming power, SWAPO, the majority party, began to collaborate with civil society groups and other stakeholders to define a land redistribution process. In June 1991, it orchestrated the National Conference on Land Reform and the Land Question in June 1991 to bring various stakeholders together. The Prime Minister reported that a “consensus had been reached,” with the conference calling for the reallocation of only excessively large farms and underused land (cite). The Conference made several additional recommendations, including that:

- Restitution of lost land prior to Independence would not be possible;
- Foreigners should have the right to use but not own land;
- Communal area small farmers should be assigned access to the present commercial zones and given the relevant training and technical assistance they needed to become commercial farmers;
- Women should have the right to own the land that they cultivate and to inherit and bequeath property; and

\textsuperscript{28} For example, the San, a small minority of the Namibian population (2 percent), are pastoralists who mostly reside on communal lands. They “lost” most of these lands to the buy up and enclosure of freehold property, and either must live on others’ land as residents and pay rent, or live off the welfare of others (Suzman 2001).
The role of the traditional leaders in allocating land should be properly recognized in law (Republic of Namibia, 1991).

This call to action was followed by a period of inaction. Notwithstanding the 1991 recommendations, the Ministry of Agriculture continued to allow northern communal grazing lands to be enclosed by private property owners. The nongovernmental organization, Oxfam, sought to galvanize support for communal properties by organizing the 1994 National People’s Land Conference, which established a Working Committee on Land Reform and made policy demands similar to those in 1991. However, the Oxfam civil society-based effort also made little progress. By 1999, the National Assembly considered and then rejected, a comprehensive Communal Land Reform Bill. The sticking point again was existing enclosures on communal land.29

Today, land tenure falls under the 1995 Land Reform Act, the 1998 National Land Policy and the Communal Land Reform Act of 2002. The law empowers government to appropriate large or underused farms. Administration of those lands is to be located in Land Boards and Traditional Authorities. The law also gives

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29 The bill sought to entrench presidential ownership of communal lands and to make them available, both in occupation and entitlement, to people who lived outside of the customary land borders. It would have provided limited recognition of customary rights, allowing residential arable land to be certified as customary, lifetime usufructs – inheritable but not transferable without permission. Grazing land and other commonage – the most important land resource in the North – would have been subject to Land Board allocation; this land could have been leased to non-customary owners and enclosed.
government first refusal on all sale of commercial farming land. The National Land Policy retains the president’s ownership of communal land as a trustee (s.3.1.). And the Communal Land Reform Act allows communal lands to be converted to leasehold certificates, with rights transferable and mortgageable.

Overall, Namibia’s formal land tenure system is grounded in the type of private property rights found in many market-oriented economies, especially a citizen’s right to own private property and the lack of limits on an individual’s right to sell land. It was for this reason that this case study was categorized as the formal property rights case, with the best economic outcomes for poverty reduction expected. See Appendix 1 for details on these land tenure characteristics.

4.9 RESEARCH FINDINGS: OHANGWENA REGION
4.9.1 Poverty and Economic Indicators

Background

The Ohangwena region is located in northern Namibia, and is home to primarily small-scale, full-time farmers, though the area also is home a few larger, primarily cash-crop farmers. Nearly three-fourths of the population consider themselves to be subsistence farmers, but over the past decade, these farmers increasingly have turned to work that provides cash wages to make ends meet (see Fig. 4.1). Nearly all of the

Headmen and chiefs were to retain some roles but with the main power to be held by new Land Boards, whose autonomy was ambiguous (Wyle et al. 2003).
households included in the FAO survey (95 percent) legally owned at least one farm (2003: 11).

The climate in the region is mild sub-arid. Average rainfall varies significantly, causing problems for farmers who cultivate rain-dependent crops. Droughts are common, expected in northern Namibia about twice ever three years (FAO 2003). The region has no perennial river and only a few water dams. But it does have rich underground water resources in the east, which provide good grazing land. Not surprisingly, this region is reportedly overstocked and overgrazed (UNDP 1998). Farmers primarily cultivate Mahangu or pearl millet (99.7 percent), cowpeas, melons and sorghum – all potentially nutritious food crops (FAO 2003). Some 80 percent of farmers – more women than men – engage in horticulture (FAO: 26).

Women outnumber men in Ohangwena, 5 to 4. Men frequently migrate outside of the area to find work, primarily in mining or industry. As a result, most of the households in this region (60 percent) are headed by women. Nearly half of the population – 45 percent – is younger than 15. In the FAO survey of 514 households, 3 percent were headed by children.

<table>
<thead>
<tr>
<th>Ohangwena Region</th>
<th>Subsistence Farming</th>
<th>Wages (cash)</th>
<th>Business</th>
<th>Pensions</th>
<th>Cash Remittances</th>
</tr>
</thead>
<tbody>
<tr>
<td>1993/94</td>
<td>71%</td>
<td>6%</td>
<td>2%</td>
<td>15%</td>
<td>6%</td>
</tr>
</tbody>
</table>
Agricultural yields declined in Ohangwena during the 1990s, largely because of droughts, but also because household members have less time to work in the fields, are less productive, and have less knowledge of traditional agricultural practices (FAO 2003). HIV rates of 55 percent – the highest in Namibia— have taken their toll on agriculture (FAO 2003: 26). In interviews with select household members in the region, the FAO team found that, regardless of whether households are affected by HIV/AIDS, they have reduced the area of land in cultivation, use draft animals less, and rely on hand hoes more – but these changes were most significant in those households struggling with HIV and AIDS (2003: 12). People also reported that they have less time for agricultural activities because they are caring for sick family members and attending funerals. Moreover, the knowledge networks that preserved information about how to grow traditional crops and the types of wild fruits and herbs they could be used in lean times are being lost (FAO: 13).

Less able to earn their living through farming, many people increasingly rely on wages to make ends meet. The FAO survey found that pensions were the most

<table>
<thead>
<tr>
<th>2003/04</th>
<th>57.8%</th>
<th>15.5%</th>
<th>3.5%</th>
<th>19.4%</th>
<th>3%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change</td>
<td>-13.2%</td>
<td>+9.5%</td>
<td>+1.5%</td>
<td>+4.4%</td>
<td>-3%</td>
</tr>
</tbody>
</table>

Source: Namibia NHIES 2003-04; Roy et al. 2006

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30 Rural Namibia lacks agricultural extension services, and people do not freely share such information between and within communities. Instead, agricultural knowledge traditionally has been
frequently cited source of income for households, regardless of their HIV status (2003: 16) (see Fig. 4.1). Many people also work for wages. In the 1990s, Ohangwena experienced a boom in wholesale and retail activities, particularly in communities close to Oshikango where the government opened an economic processing zone at the end of 1998 (FAO 2003). This created more jobs and attracted more people to the area. That said, unemployment in this region stands at about 35 percent (NHIES 2003-04). Men are slightly more likely to be wage earners (16.4 percent) than women (13.6 percent) (FAO: 15). The FAO reports an increase in women exchanging sex for income and other productive resources (2003: 26).

**Poverty Rates**

Despite persistent droughts, loss in agricultural productivity and agricultural knowledge related to the spread of HIV, the poverty rate in Ohangwena was dropped nearly by one half between 1993 and 2003, from 41 percent to 22 percent. The area’s rate of poverty reduction was twice that of the national average (see Fig. 4.2).

The food security measures for this area also were markedly improved, though the wasting measure of children – an indication of significant undernutrition – remained constant at 8 percent, which suggests that income is not improving for the poorest.

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passed from one generation to the next within families. The FAO survey found that this system appears to be collapsing as family members die prematurely and that information is lost (FAO:13).
The FAO household survey found that 43 percent of households reported food shortages during the prior month, and of these, slightly more than half said that they had been without food one to three days (2003: 18). This data indicates food insecurity rates are around 22 percent in Ohangwena, which is inline with the national poverty measure for the area\textsuperscript{32}.

<table>
<thead>
<tr>
<th>Food Consumption &gt;60% of Income</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1993/4</td>
<td>2003/4</td>
</tr>
<tr>
<td>Ohangwena</td>
<td>41.5%</td>
</tr>
<tr>
<td>Nationally</td>
<td>37.1%</td>
</tr>
</tbody>
</table>

Source: 2003/04 Namibia NHIES; Roy et al. 2006

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>Underweight for Children</td>
</tr>
<tr>
<td>Wasting</td>
</tr>
<tr>
<td>Stunting</td>
</tr>
<tr>
<td>Northeast Directorate</td>
</tr>
<tr>
<td>1996</td>
</tr>
<tr>
<td>24.3%</td>
</tr>
<tr>
<td>8%</td>
</tr>
<tr>
<td>26.5%</td>
</tr>
<tr>
<td>Northeast Directorate</td>
</tr>
<tr>
<td>1992</td>
</tr>
<tr>
<td>31.1%</td>
</tr>
<tr>
<td>7.9%</td>
</tr>
<tr>
<td>42.1%</td>
</tr>
<tr>
<td>Change, 1996-1992</td>
</tr>
<tr>
<td>-6.8%</td>
</tr>
<tr>
<td>0%</td>
</tr>
<tr>
<td>-15.6%</td>
</tr>
</tbody>
</table>

\textsuperscript{31} The FAO survey found the unemployment rate for its survey population to be about 30 percent (2003:15).

\textsuperscript{32} The Namibia poverty measure is a food consumption measure.
4.9.2 Poverty and Social Capital Indicators

Trust: Income Inequality

Namibia has a relatively high per capita income and is classified as a low middle-income country. However, the gap between the rich and the poor in the country is wide. The 2005 UNDP Human Development Report ranked Namibia’s Gini coefficient 0.70 – the highest recorded in the world (272)\(^{33}\). Only 10 percent of the households with the highest income account for nearly half of the country’s total income (NHIES 2003-04).

In an effort to monitor this disparity, the Namibia National Household Income and Expenditure Survey (NHIES) measures the national Gini coefficient as part of its other statistical measures. Between 1993/94 and 2003/04, the survey found a slight improvement nationally: a 0.1 percent-narrowing of the income inequality gap.

While this Gini coefficient is not monitored at the regional level, Ekstrom (1998) in his research on income inequality in Namibia noted that the distribution of income in the Ovambo area (which constitutes the Ohangwena region) was one of the most unequal in the country (see Fig. 4.4). He attributed this outcome to the fact that this area is primarily rural, depending on subsistence farming for its livelihood, with just a

\(^{33}\) A Gini index of 0 represents perfect economic equality and 100 perfect inequality.
few larger, primarily cash crop farmers (2006:20). The FAO survey also provides some insight into asset distribution in this area, showing that the most vulnerable households – youth- and widow-headed households – have the fewest assets. Still, the survey notes that the distribution in asset ownership remained largely unchanged during this period. This conclusion suggests that, as in the case of the national trend, income inequality did not change significantly in Ohangwena.

This consistently high rate of income inequality in Ohangwena suggests a low level of trust in the community – an indicator of lower social capital (see Section 3.4.3).

| Fig. 4.4 Share of Income Distribution in Select Areas, 1990 Ovambo Area, Namibia |
|---------------------------------|------------------|
|                                | Bottom 40 percentile | Top 20 percentile |
| Peri-urban Ovambo              | 5.8%                | 65.9%              |
| Rural Ovambo                   | 4.7%                | 67.4%              |
| Source: Ekstrom 1998           |

**Social Homogeneity**

The following describes how homogenous the Ohangwena region is in terms of its rural/urban mix, language and ethnicity, education levels, and household type. Overall, this community is slightly homogenous (see Fig. 4.5). Of the variables observed, the region experienced little change during the 1990s. An exception would be the introduction of youth-headed households during this period following the spread...
of AIDS. Still, youth head only 3 percent of all households, which is insufficient to change dramatically the region’s mix.  

This slightly homogeneous mix suggests moderate community trust – an indicator of moderate social capital.

<table>
<thead>
<tr>
<th>Fig. 4.5 Homogenous Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural/Urban mix</td>
</tr>
<tr>
<td>Language/Ethnicity</td>
</tr>
<tr>
<td>Education</td>
</tr>
<tr>
<td>Household type</td>
</tr>
<tr>
<td>Overall Score</td>
</tr>
</tbody>
</table>

- Rural/urban mix: The Ohangwena region is 99 percent rural, making it a homogenous mix (NIEHS 2003-4; 2001 Population and Housing Census).
- Language/ethnicity: Oshiwanbo is the main language spoken at home in 97 percent of households in Ohangwena, making it a homogenous mix (NIEHS 2003-4; 2001 Population and Housing Census). Interestingly, this percent of households speaking the primary language has increased from 90 percent in 1991, according to the 2001 Populations and Housing Census.

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34 The FAO survey did find some signs of normative changes related to agricultural roles and labor allocation for both youth and women (2003: 17).

35 The Ohangwena region resides in the region called Ovamboland. Pankhurst notes that little research has occurred on the ethnic differentiation within this region; Ovamboland essentially is a colonial label that may misrepresent the region’s historical diversity (1996:419). To research this further for the purpose here is beyond the scope of the thesis, so the official classification for the region will be used.
• Education: In the Northeast Directorate, 77 percent of the population (age 6 and older) has attended some primary school or higher, making for a slightly heterogeneous mix of education levels: 50 percent, primary school; 25 percent, secondary school; 22.5 percent, no school (DHS 2000).

• Household type: Ohangwena, 60 percent of households are female-headed households, making for a fairly heterogeneous community of household types (NIEHS 2003-4).

**Group Cohesiveness**

*Number of Groups*

While quantitative data is not available on the number of groups in the Ohangwena region, qualitative data from the FAO survey and interviews (2003) suggests that the number of community groups has remained about the same during this period, though a few new groups, such as government ministries have been organized through the national infrastructure. For example, the Ministry of Women Affairs and Child Welfare (MWACW) is collaborating with the Legal Assistance Centre located in Windhoek to launch a pilot project in Ohangwena to address asset stripping and property grabbing in the area. This project will train local leaders and community-based support workers on the legal rights of women, orphans and vulnerable children so they can help community members enforce their legal property rights. In 2003, the Ministry of High
Education, Training and Employment Creation began a project to support the intergenerational transfer of agricultural knowledge and skills.

Several nongovernmental organizations, such as the Red Cross, also have offices in this region. They provide a range of community services, including home-based counseling on HIV/AIDS, and health-related services such as HIV/AIDS prevention, care and treatment services. In general, these NGO services are focused more on health provision than agriculture or employment creation. As mentioned earlier, Namibia has weak agricultural extension services.

The social networks in this region appear to be weakening. The traditional practices of redistribution at the community level, carried out by chiefs and headmen, is less and less in evidence, even though people in some communities continue to give parts of their yield to the traditional authority (Tvedten 1995). The church and extended family, which traditionally served as important social supports, also appear to be waning.

“There are no institutions that assist old and poor people in the villages any more, apart from the family and neighbors,” Tvedten writes of his observations of community practices in Ohangwena. “The headmen of the two villages do not assist poor households, because they are also poor people. Rather, they give advice or try to link up with local business people who they hope can help the poor. The church normally does not help poor people any more, and if they do, it is mainly people belonging to the
congregation. The only means through which the poorest are helped is the drought relief program” (53).

*Presence of Group Leaders/ Membership Density of Groups*

Inadequate data is available to comment on the presence of group leaders and membership density, although, as described in the previous section, leaders’ ability to assist people may be weakening.

**Longevity**

The national average for life expectancy in Namibia declined dramatically during the 1990s, largely because of the high prevalence of HIV and AIDS (see Fig. 4.6). A similar pattern was experienced in Ohangwena, though the loss has been even more severe.

<table>
<thead>
<tr>
<th>Fig. 4.6 Life Expectancy at Birth, 1991 to 2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Namibia</td>
</tr>
<tr>
<td>1991</td>
</tr>
<tr>
<td>Ohangwena</td>
</tr>
<tr>
<td>National average</td>
</tr>
</tbody>
</table>

Source: Namibia 2001 Population and Housing Census

**Educational Attainment**

During this period, men experienced nearly a year’s gain in their mean educational level, while women experienced a half-year loss.
### Fig. 4.7 Mean Education Level
Northeast Directorate Namibia, 1992-2000

<table>
<thead>
<tr>
<th></th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992</td>
<td>3.1 years</td>
<td>4 years</td>
</tr>
<tr>
<td>2000</td>
<td>4 years</td>
<td>3.5 years</td>
</tr>
</tbody>
</table>

Source: DHS Namibia 2000, 1992

### 4.10 DISCUSSION AND ANALYSIS

In the Namibia case study, we expected that the prevailing use of freehold tenure (private property) in Ohangwena region would be associated with the strongest economic indicators and the weakest social capital indicators. In fact, the findings do suggest these outcomes. Both poverty and food security improved in Ohangwena during the 1990s, and its social networks are the most formal and —given the community’s lower level of trust (high income inequality) – perhaps weakest of the three case studies. That said, the area’s social capital outcomes were mixed. While the region experienced a significant decline in life expectancy during this period, it saw overall improvement in educational achievement: men gained nearly a year in schooling, though women lost half a year. Neither the Uganda nor Zambia case studies saw any longevity or educational gains.

These findings suggest mixed results. Ohangwena experienced significant economic growth; however, this gain was highly uneven and the gap between the rich and the poor has only widened. Although this story fits with the thesis’ hypothesis that private gain may come at the cost of the public good – low community trust, for
example – the assumption that higher social capital is needed to achieve a public/collective good, such as higher educational achievement, appears to be contradicted.

**Expected Outcomes**

Though poverty rates in Ohangwena essentially were cut in half, the findings suggest that poverty is getting worse for the district’s most vulnerable populations: AIDS-affected households, widows and orphans. More than 70 percent of households affected by HIV or AIDS lost cattle between 1996 and 2001 as compared to 59 percent of unaffected households (FAO: 14). When one more closely examines this vulnerable group, the numbers are quite telling. Three-fourths of widow-headed households lost their oxen during this period; 100 percent of child-headed households lost their oxen (14). Similar inequality patterns were found in Ohangwena for other assets as well. These findings support Ekstrom’s research, which found that Ohangwena is one of the most unequal communities in the world.  

The informal groups – and their higher levels of social capital – that once likely helped ease the income inequality gap and helped communities care for vulnerable populations in the late 19th and early 20th century largely have disappeared in

---

36 Oxen and other draft animals are crucial for the timely cultivation of land in agricultural communities such as Ohangwena. They also serve as savings assets for households in times of crises.  
37 Namibia has the highest measure of income inequality in the world (UNDP 1998); and Ekstrom (1998) found that Ohangwena was one of the regions with the highest income inequality in the country.
Ohangwena. Few informal farmers’, women’s or youth groups exist in this community. Few churches assist the wider community; they now focus primarily on their members (FAO 2003). Even families’ ties to each other have weakened through the decades of high urban migration. To paraphrase Tvedeten (1995), there are no informal community institutions to assist vulnerable people any more.

Instead, people rely more on such formal institutions as the government and large nongovernmental organizations for care and income assistance. Over the past two growing seasons, the main source of income in Ohangwena were pensions for all household types. And between the two seasons, households’ dependence on pensions increased about 8 percent, comprising half of AIDS affected household’s total income and 40 percent of non-affected household’s income (FAO: 16).

This social transition suggests that people in Ohangwena are relying less on their social capital and informal rules such as reciprocity for exchange and more on economic capital, whether theirs (selling of assets) or through the state (pensions).

That said, while people’s reliance on economic capital has grown, they are not fully using new legal rights to protect either their social or economic interests. For example, the state passed the Married Persons Equality Act to strengthen women’s rights to property via inheritance. The state considered this measure to be a way of countering the rising incidents of asset stripping of widows, which can leave women
destitute. The FAO survey found that few people seemed aware of their legal property protections; most people continued to distribute property according to customary practices – through patrilineal systems, which often leave women without land, equipment and other assets they need to survive.

The personal use of private property provides another example. Despite Ohangwena’s high level of private property ownership – 95 percent – as a coping strategy, few people used their assets as collateral for loans. People who did not leave the area to find wage work most often sold their property to address income shortages. In cases where households no longer had property to sell, such as many of the most vulnerable households, people either had to leave the area for wage work, or in the most extreme cases, resorted to occupations such as sex work.

Research suggests that people may not fully benefit from their private property (land rights) because of a lack of knowledge about these rights, regulatory barriers and a lack of access to credit facilities, including informal microcredit groups. The Communal Land Reform Act, which granted people the right to convert their communal property to lease certificates, was not enacted until 2002. As seen in other countries – Zambia, for example – it can take some time before people become aware of their new options related to land tenure status. Local politics, titling fees and other regulatory burdens also can stymie people’s use of such laws (Van Asperen 2006).
Moreover, a review of people’s access to credit services in Namibia found that only 12 percent of people in rural areas are using credit services, including informal services such as microfinance groups and burial groups (Adongo et al. 2006: 18). Adongo et al. found that the primary reason for low usage was rural people’s lack of access to groups, including informal groups which typically work in rural areas. The report called for greater national support of informal credit services in rural areas (Adongo: 26).

**Unexpected Contradiction**

Although the push for private gain appears to be associated with weakened social capital in Ohangwena, the community did experience an improvement for men in educational achievement – one of the two social outcomes. This raises the question: Is higher social capital needed to provide a public/collective good such as education or can economic capital also provide an enabling environment for educational improvement?

As described in Chapters 5 and 6, the cases of Uganda and Zambia provide further insights on this question.
CHAPTER 5: UGANDA CASE STUDY

5.1 INTRODUCTION

The Uganda case study examines income poverty and social capital trends for the Masaka district in the 1990s. The aim is to examine whether an association exists between a property rights structure (formal versus informal) and the type of poverty-reduction expected (private versus public/collective goods). This case study explores whether Uganda’s dominant informal property rights structure in fact leads to the strongest social capital indicators of poverty reduction and weaker economic indicators as detailed in Chapter 3.

This chapter begins with a brief snapshot of how informal rules changed in Masaka (historically known as Buganda) during the colonial years to independence, and how formal property rights changed post-independence. It then presents the economic and social capital findings for Masaka during the 1990s, and concludes with a brief summary of how these findings relate to the thesis’ hypothesis.

5.2 INFORMAL RULES: TRANSITIONS DURING COLONIAL YEARS TO INDEPENDENCE

The Ganda people relied on an informal set of reciprocity-based rules to define and negotiate their property rights, which had only recently been unified.
At the turn of the 19th century – and just prior to colonialization – the Ganda people had just united as a nation state, and consequently their system of informal property rights was in flux as people established new rights and obligations associated with this change. The government of Buganda took the form of a monarchy, where kings and chiefs wielded power over their subjects in exchange for protection. This social order was held together by an increasingly complex system of informal property rights based on reciprocal obligation. As Hanson describes, the Ganda system of gift giving, tributes and exchange was crucial not just to subjects’ demonstrating their allegiance, but also to rulers’ cementing their relationships with those they ruled. In this way, people viewed the allocation of land from the king, for example, as a gift in return for their allegiance and taxes. Similarly, people paid their taxes as gifts.

This informal system of obligations and rights was relatively democratic and flexible, providing a balance of power. Although the Ganda monarchy appeared to control and centralize power, with kings and chiefs as the key decision makers, in practice, people constantly renegotiated their allegiance. If their current situation did not suit them, or if circumstances changed, people could pick up, leave and choose a new ruler. (Hanson 2003). As Hanson notes, the Ganda system of reciprocity was comprised of “dense, overlapping webs of obligation,” which allowed people in
power to constantly compete with each other for followers, many of whom they lost (6).

The British formal property rights structure—which enclosed property and thereby limited mobility—threatened to disrupt this balance of power. Ganda’s informal rules of reciprocity depended on people being able to move freely to other communal lands granted to them by different chiefs. Private property ownership not only restricted people’s movement, but in doing so, it altered the balance of power between people and the Ganda chiefs.

Notwithstanding these possibilities, in 1900, the Kabaka (king) and his nobles signed the Uganda Agreement, which granted ownership rights over tracts of land measured in square miles (known as “mailo”)—a first step toward establishing private property. Under the Agreement, about half the land in Buganda was designated mailo and the remaining half designated for British interests vested in the Protectorate government. The Protectorate then awarded the land as freehold and leasehold properties to settlers based on different political and economic interests (Hanson: 11; Hunt 2004). The law did not address the rights of the land’s previous occupiers, most of whom were allowed to stay on the land in service of the chief or other property owner. Consequently, at the turn of the century, most mailo occupants had no formally
recognized right to land; they continued to live on previously communal property in much the same manner as before – under a system of reciprocity.

Though the formal legal structures did not necessarily change the informal rules that dictated how Gandans interacted day-to-day, the new law did increasingly limit people’s mobility. In the early 1990s, most people in Ganda continued to view and treat land as communal property. However, formal property owners increasingly began to enclose their new freehold and leasehold properties, which created physical barriers that prevented people from moving freely.

This restriction on people’s mobility weakened their social capital in a number of ways, the most significant being their ability to hold their chiefs accountable and provide a check to their chiefs’ power. To fuel the two World Wars and support British cotton interests, the Protectorate needed significant labor supplies. Chiefs were tapped to supply this labor by enforcing kasanvu labor laws, which forced people to work in labor camps (Hunt: 176). Because farmers no longer had the freedom to pick up and leave, they had no choice but to fulfill the chiefs’ new labor obligations. Social relations became strained as migrant workers left the communities for years at a time and no longer could fulfill many of their social obligations. The social fabric unraveled further as people lost trust in their chiefs who were using their power to promote colonial interests rather than those of the people. As Hanson describes: “The new chief
was part of a vertical flow of power from the Protectorate down to the people, enforced by fines, imprisonment and lashes” (186).

Despite the weakening of informal property rights and social capital, the Bugandans resisted the pull toward formal property rights and private property. By the time Uganda gained its independence in 1962, the populace supported the return of private lands to communal property. In 1969 – seven years after Uganda gained its independence – the government passed the Public Lands Act, which vested all public land (land held under customary tenure) in the Land Commission. Under Idi Amin’s administration, the 1975 Land Reform Decree declared all land in Uganda to be public land. The decree converted freehold and mailo land into leaseholds held by the state as the sole landowner. 38 In practice, however, both landowners and administrators (those in positions of power) ignored the decree, and some property owners continued to fence off communal properties as private property (Hunt: 176).

This era ended with renewed support for communal properties and the prevalence of informal rules at the local level. That said, this era also was marked with increased civil strife and civil wars, leading to high rates of morbidity – all of which tore at the fabric of Ganda community. Social capital and social networks were in a period of decline largely because of this turmoil.

38 It also weakened the position of customary landholders because the land could be taken without their consent (Hunt 2004).
5.3 FORMAL RULES: TRANSITIONS DURING POST-INDEPENDENCE

Independence provided Uganda with an opportunity to redefine its formal property rights structure, and these rights largely have been in flux ever since. As mentioned in the previous section, in the 1970s the state converted most lands to public lands in an effort to reclaim communal properties lost during the colonial years. But a civil war soon occurred, and when the National Resistance Movement took power in the 1980s, the property rights mix shifted yet again.

The land reform process of the late 1980s and 1990s sought a balance between communal properties and private property rights. The government wanted to devolve land control back to local authorities while ensuring the security of formal land rights to help promote economic investment. Though the land reform process began in 1988 – early in President Museveni’s administration and after the civil war years – it took a decade for the formal law to be adopted. The process began with the World Bank and USAID sponsoring a land tenure study conducted jointly by the Wisconsin Land Tenure Center and Makerere Institute of Social Research. The subsequent report advocated promoting freehold tenure throughout Uganda to facilitate a land market and people’s use of property titles as collateral for credit. In reality, however, the process
did not gain momentum until the government adopted a new Constitution in 1995, which set the stage for a strong democratic orientation toward land reform.

Under the 1998 Land Act, Uganda shifted from a centralized to a localized land tenure system. Significantly, root title shifted from the state to individual landholders. Only environmentally significant lands remained under state control, and even those were under the government in its role as a trustee of citizens; the president no longer had any vested land interests. Property titling also shifted from the national government to district level Land Boards, who were autonomous of both central and local government. Similarly, dispute resolution shifted from the national judiciary to a regime of independent land tribunals that operated at the local level. Moreover, landholders under customary tenure would be able to acquire certificates of customary ownership, and both customary owners and leaseholders would be able to convert their land to freehold if they desired.

Although the 1995 land law included a rigorous timetable for establishing the new institutional framework, implementation has been slow and problematic. In her review of Uganda land policy, Wyle et al, found that the central government does not fully support these reforms and lacks the financial capacity to create the new institutions. No Land Tribunals have been created, and though some district Land
Boards are in place, they essentially are not operating. As a result, many land disputes, which no longer can be heard in ordinary courts, remain unresolved (Wyle et al.).

Overall, Uganda’s formal land tenure system reflects a strong attempt to accommodate customary tenure rights and to keep related decision making at the local level, even as specific political interests and international pressures advocate greater private property rights. Moreover, Uganda’s formal private property rights structure largely is failed, with institutions yet to be created and a lack of buy-in across the board. Based on the situation in Uganda, this case study was categorized as the informal property rights case, with the best social capital outcomes expected. See Appendix 1 for details on the different countries’ land tenure characteristics.

5.4 RESEARCH FINDINGS: MASAKA DISTRICT

5.4.1 Poverty and Economic Indicators

Background

Masaka district is located in the Lake Victoria Crescent of Uganda, and is comprised primarily of rural farmers of various sizes and specialties (FAO 2003: 7). The moderately high temperatures and rainfall in this area make agriculture fairly successful for farmers, who cultivate both food and cash crops for market. Fishing also is fairly successful in Lake Victoria, and many farmers raise livestock, such as cattle, goats and sheep. The Masaka district has a solid system of feeder roads, which provide
market-access to Kampala. Large-scale farms, including some coffee farmers, fruit
growers and cattle ranchers have made steady progress in the area over the past decade
(FAO 2003: 7). However, the predominant land tenure system remains customary
(FAO: 59).

The FAO study estimated that the HIV rate in Masaka was between 1 and 5 percent
– the lowest of the three case studies. Among the study population, however, 63
percent were affected by HIV or AIDS, meaning that someone in a respondent’s
household either was infected, had AIDS or was caring for someone who had been
affected by the loss of a family member to AIDS, such as widows and orphans.

Agricultural practices and crop yields in Masaka are changing depending on
whether a household is affected by HIV or AIDS. Households that are unaffected
appear to have steady agriculture yields. Among these, many report that between 1997
and 2002 they shifted from cultivating food crops, such as peas (down 76 percent),
millet (down 30 percent) and pumpkins (down 58 percent) to such cash crops as maize
(up 247 percent), groundnuts (up 16 percent) and coffee (up 4 percent) (FAO 2003:15).
The opposite occurred in AIDS-affected households, where many shifted from cash
crops to food crops. Many also shifted to less labor-intensive crops and/or reduced
their cultivation areas (FAO:14).
While agricultural trends suggest that some, but not all, households are experiencing income shortages, the rising rate of livestock sales in Masaka suggest that income shortages in fact may be more severe. The Masaka people traditionally hold onto their livestock as savings, only selling animals when they experience cash shortages. According to the FAO data, all households reported owning fewer animals regardless of AIDS status. The most common reason reported for this increase in sales was households selling their animals (47 percent), followed by animal deaths (41 percent), asset stripping (6 percent) and slaughter for consumption (4 percent) (FAO: 18). While AIDS-affected households reported increased expenses such as medications, the need to hire labor and funeral expenses, it is not clear from the FAO survey why non-affected households might need the extra cash.

The rise in family members leaving the community for work further indicates that the area is experiencing income shortages. Among both men and women, the migration rate nearly tripled between 1997 and 2002, from about 9.5 percent to 26 percent – 30 percent in non-affected households (FAO:13). More than two-thirds of those who left for work were men. Despite the high numbers of people leaving Masaka

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39 The FAO interviewers noted in the survey that some people seemed hesitant to discuss how many assets they had because of tax concerns, and cautioned that this numbers in fact may be deflated.
40 The higher animal deaths also are related to income shortages. Households reported being unable to pay grazing fees, which meant that their animals were taken to forest reserves for pasture where disease transmission is high (FAO: 18).
for cash employment elsewhere, the FAO survey found that only 13 percent of those who left sent remittances to their families (FAO:13).

**Poverty Rates**

The Masaka district, like much of rural Uganda, has high poverty rates. However, outside of a spike in poverty between 1990 and 1992, Masaka has experienced a steady decline in poverty, nearly reaching its 1990 low. Between the 1992 and 2002/3 Uganda National Household Survey (UHNS), poverty in the Central region decreased by 23.7 percent. Poverty was significantly higher in the rural parts of the region than urban (see Fig. 5.1). That said, the Central region performed slightly better than the national average.

![Fig. 5.1 Poverty Rates, Uganda 1990-2002/3](image)

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Central Region Uganda</strong></td>
<td>19.7%</td>
<td>46%</td>
<td>28%</td>
<td>22.3%</td>
<td>-23.7%</td>
</tr>
<tr>
<td><strong>Central Rural</strong></td>
<td>25.2%</td>
<td>54.3%</td>
<td>34.5%</td>
<td>27.6%</td>
<td>-26.7%</td>
</tr>
<tr>
<td><strong>Central Urban</strong></td>
<td>6.1%</td>
<td>20.8%</td>
<td>11.8%</td>
<td>7.8%</td>
<td>-13%</td>
</tr>
<tr>
<td><strong>National average</strong></td>
<td>34%</td>
<td>56%</td>
<td>44%</td>
<td>38.8%</td>
<td>-18%</td>
</tr>
</tbody>
</table>

41 Scholars debate the cause for this doubling of poverty between 1990 and 1992. The most likely cause appears to be the sudden drop in coffee prices during that period which affected many farmers in Uganda.
Food Security

The food security indicators follow a pattern somewhat counter to the region’s poverty rates. The nutrition indicators for children younger than 5 show significant improvements between 1988 and 1995, but then a dropping off that absorbs most of these gains. This suggests that little to no improvements were seen in food security over the decade, and that households struggled as much in 2000 as they did in 1988 to provide their children adequate nutrition.

<table>
<thead>
<tr>
<th></th>
<th>Underweight for Children</th>
<th>Wasting</th>
<th>Stunting</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Central Region Uganda</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2000-01</td>
<td>19.9%</td>
<td>3.6%</td>
<td>34.6%</td>
</tr>
<tr>
<td>1995</td>
<td>16.1%</td>
<td>2.6%</td>
<td>21.6%</td>
</tr>
<tr>
<td>1988</td>
<td>21.7%</td>
<td>3.3%</td>
<td>35.4%</td>
</tr>
<tr>
<td><strong>Change, 1988-2000</strong></td>
<td>-1.8%</td>
<td>+0.3%</td>
<td>-0.8%</td>
</tr>
</tbody>
</table>


The indicators suggest, moreover, that for the last half of the decade (1995 to 2000) food security worsened: child stunting, for example, increased more than 10 percent. These statistics support the survey data gathered by the FAO, which suggest that food insecurity and hunger have grown more severe. While about two-thirds of
households received at least two meals per day throughout this period, between 1997 and 2002, there was a 7-percent drop in the number of people who ate three meals a day, and a doubling of households that ate only one meal a day, from about 4 percent to 8 percent (FAO:20).

5.4.3 POVERTY AND SOCIAL CAPITAL INDICATORS

**Trust: Income Inequality**

Uganda is a country that has had relatively low inequality as compared to some of its neighbors, but that inequality is rising as its economy grows. The Gini co-efficient (a common measure for inequality) increased from 0.347 in 1992 to 0.428 in 2003 (UNHS:52) despite some advances against poverty.

Income inequality also appears to have increased slightly in Masaka district, suggesting a decline in community trust. The Gini co-efficient is not available at the regional level; however, Deininger and Okidi examined regional per capita measures of asset and expenditure inequality during that period and found that overall inequality increased slightly in the Central region (Deininger et al.: 493-494). People there saw increases both in asset and spending power inequality, though the Theil index suggests that asset inequality may have improved (see Fig. 5.3). These findings are inline with FAO data that found that in Masaka, between 1997 and 2002, households generally gained equipment assets, such as ploughs, fishing vessels, bicycles and axes, though
the gains were greater for households not affected by AIDS. As mentioned earlier, all households lost livestock assets.

<table>
<thead>
<tr>
<th>Central Region Uganda</th>
<th>Expenditure Inequality</th>
<th>Asset Inequality</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relative Mean</td>
<td>1.3275</td>
<td>1.5199</td>
</tr>
<tr>
<td>Theil Index</td>
<td>0.2732</td>
<td>0.3749</td>
</tr>
</tbody>
</table>

Source: Deininger and Okidi 2003

**Social Homogeneity**

The following describes how homogeneous the Masaka district is in terms of its rural/urban mix, language and ethnicity, education levels, and household type. Overall, this community is slightly homogenous, suggesting a higher level of community trust (see Fig. 5.4).

<table>
<thead>
<tr>
<th>Fig. 5.4 Social Homogeneity Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural/Urban mix</td>
</tr>
<tr>
<td>Language/Ethnicity</td>
</tr>
<tr>
<td>Education</td>
</tr>
<tr>
<td>Household type</td>
</tr>
<tr>
<td>Overall Score</td>
</tr>
</tbody>
</table>
• Rural/urban mix: The Masaka district is primarily rural, with 754,000 rural dwellers (90 percent) and 77,300 urban dwellers (Kajula 2004).

• Language/ethnicity: Masaka district is inhabited primarily by the Baganda people (70 percent), though a few additional tribes also live here. The main language is Luganda, which is the most common language in Uganda after English (Kajula 2004; and FAO Uganda 2003).

• Education: In the Central region, 85 percent of the population has attended some primary school or higher, making for a fairly homogenous mix of education levels: 61.95 percent, primary school; 19.8 percent, secondary school; 16.7 percent, no school (DHS 2000-01).

• Household type: In the Central region, 70 percent of households are male-headed households, making for a slightly heterogeneous community of household types (UNHS 02-03). Uganda’s National DHS data suggest that nationally, Uganda experienced a slight shift to more male-headed households, but in rural areas such as the Masaka district, no shift occurred.42

**Group Cohesiveness**

*Number of Groups*
While quantitative data is not available on the number of groups in the Masaka district during this period, qualitative data from the FAO survey and interviews (2003) suggests that a number of community groups are emerging to assist with HIV/AIDS related services and care, though some community groups are collapsing because of loss of membership (FAO:58). Some examples of new and existing organizations in Masaka include:

- Mawagala AIDS Care, an organization that helps women who test positive for HIV to cope with AIDS stigma and its expression at the community level.
- UWESO, a new organization that works with AIDS orphans and widows.
- Integrated Development Activities and AIDS Concern, which has an AIDS clinic, and works with groups to promote AIDS education and sensitization. There is a separate group for women and men.
- People with AIDS Development Association, which works primarily with men.
- Muno Mukabi, a community mobilization organization for women.

In addition to these formal groups, informal groups and associations are emerging to help households and communities cope with different economic and social stresses. For example, in Masaka, neighbors sometimes provide food to widows and orphans.

42 The FAO surveys noted that because of AIDS-related pressures, a few households are beginning to make their daughters heirs, which could enable them to become household heads (FAO:14).
either as part of the community’s traditional system of reciprocity or in exchange for labor. Self-help groups also are emerging, such as burial groups, funeral banks and labor-savings groups, where community members turn to each other for help and credit when unexpected expenses arise (FAO:35-36). In other situations, neighboring households or household types (namely widow-headed households) are sharing farm work because no one can do the work alone (FAO: 37). For example, in Masaka, groups are cultivating soybeans collectively to meet the nutritional needs of AIDS-affected households (FAO: 38).

**Presence of Group Leaders/Membership Density of Groups**

Given that new groups appear to be on the rise, one would expect that group leaders also are emerging. In areas surrounding Masaka, however, AIDS-related illness and death appear to be taking their toll on community organizations, especially among women’s groups. Groups that were reported to be collapsing or losing members include:

- Kigulu Development Group, whose leader died of AIDS.
- Women’s Trust Bank, where its membership reduced from 25 to 8.
- The women’s Bulamagi Integrated Farmers Association, where the founders have died of AIDS and the new leader also is sick.
In Masaka, respondents from the fishing community suggested that AIDS-related deaths were destroying the social networks that supported the fish trade. Fish traders and fishmongers typically worked on a trust-based system of credit. For early payments, traders would provide market information and repay any cash or inputs once their fish were sold. Nevertheless, many of these relationships have been destroyed because of AIDS-related deaths, and the anglers reported that establishing new relationships was proving difficult (FAO:36).

Longevity

The life expectancy in Uganda has declined nationally during the past decade, and the average life expectancy in Masaka District stands at 37 years, according to the 2002/3 Uganda Ministry of Health report (see Fig. 4.5). District-level data from the national census and regional data from the national DHS are not available for life expectancy or adult mortality rates. Literature on the prevalence of HIV in Masaka suggests, however, that life expectancy in fact has declined during this period. (Whitworth 1999).

<table>
<thead>
<tr>
<th>Fig. 5.5 Life Expectancy at Birth, 1990 to 2000 Uganda</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Masaka District</strong></td>
</tr>
<tr>
<td><strong>National average</strong></td>
</tr>
<tr>
<td>reported 48 years</td>
</tr>
</tbody>
</table>

Educational Attainment

During the period 1995 to 2000, both men and women saw a decline in their education levels. Regional DHS data for the early 1990s was not available for Uganda.

<table>
<thead>
<tr>
<th></th>
<th>Southern Province Uganda, 1995-2000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Men</td>
</tr>
<tr>
<td>1988</td>
<td>n/a</td>
</tr>
<tr>
<td>1995</td>
<td>4.4 years</td>
</tr>
<tr>
<td>2000-01</td>
<td>3.8 years</td>
</tr>
</tbody>
</table>

Source: DHS Uganda 2000-01, 1995

5.5 DISCUSSION AND ANALYSIS

In the Uganda case study, we expected that prevailing use of customary tenure in Masaka district would be associated with the strongest social capital indicators and the weakest economic indicators. The results in fact were mixed. Poverty steadily improved between 1992 and 2002/3, though food security stayed about the same, suggesting that people experiencing the most extreme poverty saw little improvement in their economic status. Socially, this community had declining levels of trust – though the highest of the three case studies – and strong group cohesion. Households appeared to have fairly strong social networks – strong enough to create new local organizations, for example – but new demands related to HIV and AIDS have strained
these systems, and family structures themselves have changed in response. Together, these quantitative and qualitative measures indicate a moderate-to-high level of social capital in Masaka.

These findings suggest that despite Uganda’s history of recent political and economic turmoil, and communities’ new challenge of living with HIV and AIDS, people in Masaka are coping – some people even are doing well – and there appears to be an association between people’s reliance on social networks and the flexibility they have to transform their social exchange under customary tenure. That said, this social capital does not appear to be translating into greater public/collective goods for the community as measured by life expectancy and improved educational achievement.

Mixed Outcomes

Though poverty rates in Masaka were cut in half, the findings suggest that poverty may be getting worse for the district’s most vulnerable populations: AIDS-affected households, widows and orphans. The FAO survey data showed that AIDS-affected households (which includes widow- and child-headed households) were switching cultivation away from cash crops to food crops, which provide less income (FAO:14). They also were cultivating smaller plots and selling more livestock. And more of their household members—including children—worked in agricultural and various small business activities, such as beer brewing, knitting, sewing and basket
weaving (FAO 2003). That said, these households often were unable to meet their basic needs. AIDS-affected households, for example, were the only ones in the FAO survey that reported actual hunger – eating only one meal per day (FAO: 20).

To survive, people are relying on social capital and renegotiating informal rules to better accommodate their current realities. As described in Section 5.4.2, people use many reciprocal relationships to get by, such as widows pooling their labor to help each other cultivate their properties, and people borrowing equipment and supplies for agriculture and other income-generating activities. In the pastoral communities, some people continue to practice the tradition of loaning cattle to vulnerable households for milk consumption to be paid in-kind by labor (FAO: 39).

Yet informal rules appear to be inadequate to fully protect the most vulnerable populations. All households reported large increases in family members leaving the area to find cash work; yet only 13 percent of these migrant workers sent remittances back home, suggesting a deterioration of kinship ties (FAO: 13). All households reported that they increasingly relied on child labor for a household’s income-generating and agricultural activities, though this was most frequent in AIDS-affected households (FAO: 35). Moreover, orphans often are exploited; the FAO survey found that children receive only about a third of the pay adults receive for similar work (37). Some orphans and widows also are not being absorbed into extended family structures
as has been customary; they reported begging from neighbors or foraging for wild
fruits and vegetables to keep from going hungry (38). About 2 percent of orphans and
widows also reported turning to sex work for food and income (FAO: 53).

Formal rules fared no better in helping to protect vulnerable people. Extended
families or clans hold the rights and interests in communal land and other property in
Masaka. Marriage there is patrilocal (women move to their husband’s village) and
inheritance is patrilineal (inherited through the men in the family) (FAO: 27; Bird et al.
2004: 24). Because women do not become part of a husband’s family when they
marry, they are not entitled to any of their husband’s property when he dies. What
often results is that widows lose all of their property, land, tools, cooking utensils—a
practice called asset stripping. To help counteract this practice, the state in the 1995
Uganda Constitution provided women equality with men; the 1998 Land Act enhanced
land security for “marginalized groups,” including women (Hunt 2004: 117).
However, the 1998 law also formalized customary law, the very law that prevents
women from owning property. Not surprisingly, the FAO survey found that asset

43 Traditionally, the heir – a brother or perhaps a son – receives the property and would be
responsible for caring for the deceased’s dependents, including his wife. But increasingly, heirs do not
accept this responsibility or women choose not to marry their brothers-in-law (Bird et al. 2004).
44 The Act supports decision making under customary land tenure systems, which reflect
custom, traditions and practices, but states that these should not be implemented when they will deny
women, children or people with disabilities from ownership, occupation or use of land. The Act also
states that land cannot be sold without the permission of a resident spouse or from dependent children or
orphans with a claim on the land.
stripping is still a problem in Masaka: 12 percent of widows reported that relatives took their cattle; 18 percent reported that relatives took their small livestock (27).

Asset ownership is crucial to survival in Masaka. The selling of assets was the primary coping strategy of all households to meet unexpected expenses or the loss of income (FAO 2003). When selling assets, the FAO survey found that families tend to sell equipment and livestock first, with the outright selling of their land last (25).

Perhaps because assets are viewed as a survival necessity, some families and communities are reinterpreting traditional inheritance and gender norms to accommodate vulnerable people under communal tenure. Though not yet common place, the FAO survey found that in some communities, oral and written wills are being established within communities to layout the inheritance rights of women and children. Most wills are being respected, and if there is a dispute or no will is left, the Local Councils make the decision for how to allocate the property (FAO: 27). As a result, survey respondents reported that women in some communities increasingly own and control household assets, including land (27).

Interestingly, this process becomes more difficult for households if they lease land versus hold land under customary tenure. Often, leasehold properties are leased jointly through a husband and his family. When the husband dies, the community
cannot intervene if the family will not accommodate his widow because law protects the rights of the deceased family (FAO: 27). Moreover, because of the law’s formal structure, community members cannot modify the rules or seek redress with a local leader/authority to accommodate changed circumstances.

**Private vs. Public Good**

The key to people’s ability to cope and survive in Masaka appears to be linked to their ability to create new ways of coping and surviving their day-to-day challenges. And their ability to do this with fairly limited turmoil and conflict at the local level suggests a fairly high level of social capital: trust. Though Masaka’s slowly rising income inequality suggests that community trust may be diminishing, its income inequality remains the lowest of the three case studies. Moreover, its slightly homogeneous make up and strong informal groups – new groups are emerging – suggests a higher level of social capital (see Section 3.4.3).

That said, Masaka’s social capital does not appear adequate to foster the public/collective good of improved life expectancy and education – the association that was at the heart of this thesis’ inquiry. Unfortunately, given Uganda’s history of a civil war in the late 1980s, we cannot rely on life expectancy as a good proxy for a social

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45 It is not clear from this research whether there is an association between the national adoption of laws providing women additional protections and changes at the community level. That research is beyond the scope of this work, but deserves further attention.
capital outcome in Masaka. The drop in educational achievement for Uganda’s Southern Province, however, should serve as an adequate proxy. And it indicates a poorer social capital outcome as well.

The lack of an association between higher social capital and greater public/collective goods in the Uganda case study suggests an answer to the question raised in the Namibia case study: Higher social capital may not be necessary to achieve a public/collective good such as improved life expectancy or educational achievement. Moreover, the Uganda case study with its marked improvements in income poverty further suggests that high social capital despite lower economic capital may be associated with improved (i.e., lower) measures of income poverty.

46 The low life expectancy could be the result of the loss of life associated with the war. Therefore, these findings should be interpreted with caution.
CHAPTER 6: ZAMBIA CASE STUDY

6.1 INTRODUCTION

The Zambia case study examines income poverty and social capital trends for the Monze district in the 1990s in order to assess whether an association exists between a property rights structure (formal versus informal) and the type of poverty-reduction expected (private versus public/collective good). This case study explores whether Zambia’s hybrid system of both formal and informal property rights in fact leads to improvements in both economic and social capital indicators of poverty reduction as detailed in Chapter 3. It is expected that this case study would have the best overall poverty-reduction results.

The chapter begins with a brief snapshot of how informal rules changed in the Monze district (historically known as the Tonga) in the years between colonialism and independence, and how formal property rights changed post-independence. It then presents the economic and social capital findings for Monze during the 1990s, and concludes with a brief summary of how these findings relate to the thesis’ hypothesis.

6.6 INFORMAL RULES: TRANSITIONS DURING COLONIAL YEARS TO INDEPENDENCE

Zambia in its pre-colonial years was less a state than a geographic collection of many different tightly knit ethnic groups, which relied on varying degrees of complex informal rules of reciprocity to manage their relations and property. By the early 19th
century, these different ethnic groups had been living in relative isolation from one another for nearly four centuries (Du Plessis: 12). They had no national language or common cultural heritage. And each group organized itself differently. Some groups included chiefs who ruled large kingdoms; others needed only minor officials such as village leaders to maintain social order (Du Plessis: 12-15).

At the time the British South African Company made contact with the Tonga in the late 1800s, the community was in a period of social transition, shifting from its collection of isolated villages to a centralized kingdom with a more complex system of informal rules. Though larger in size and more powerful, the Tonga kingdom built on its earlier system of reciprocal obligation, valuing social ties over income growth (O’Brien 1997). The Tonga leader, the Rainmaker/Prophet Monze, was a religious leader whose powers lay in his rainmaking and prophecy ability, not the accumulation of wealth. His job was to ensure that everyone was cared for and protected. To do this, he had the power to claim and use others’ resources as needed to meet these needs. People entrusted him with this power to benefit the collective, not himself (O’Brien: 34). Similarly, family households did not distinguish themselves through wealth status in the communities; their assets were for the community’s benefit and not just their own (Du Plessis: 14).
The colonial experience interrupted the Tonga’s nation-formation process, and consequently disrupted its social networks and strained social ties. The British government introduced new local administrations to regroup people and “stabilize” rural populations. It also implemented rural development and land policies to change traditional agricultural practices and land tenure decisions (O’Brien: 24; Berry: 176; Momba 1989). Many Zambians also were evicted from their land in an effort to attract white settlers to Zambia. Although these settlers never materialized, many Zambians were effectively landless (Berry: 126). These many changes disrupted the Tonga way of life and led to increasing fragmentation.

The Tonga’s close-knit social ties slowly eroded amid increased economic differentiation and income inequality. British rural and agricultural policies served to hasten the economic differentiation that occurred between the 1920 and 1960s in most rural communities. For example, in 1945 the state introduced the Southern Province African Farming Scheme, which provided exclusive extension services and agricultural credit to those farmers who were willing to abide by the program’s strict crop husbandry guidelines (Momba: 336). In many cases, only better-off farmers where in a position to participate because they already had the tools and inputs needed to meet specific government requirements. Many colonial policies – whether land or

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47 Because of white settlers did not come to Zambia, the country did not experience the black-white racial tensions that plagued other British colonies in the early 1900s.
financially related—deepened the unequal access of farmers to credit and extension services, which affected their ability to grow larger and produce greater yields. By the time of independence in 1964, Momba finds that economic differentiation among cash crop producers in Zambia’s southern province was more widespread and developed than in any other part of the country (1989).

As social networks weakened and farmers increasingly moved to cash crop systems, many moved to “state lands” where rules of individuation and private property defined exchange. These settlement communities or “schemes” were closer to markets and part of government-sponsored programs that provided farmers credit and other agricultural support to facilitate the growth of cash crop farming. Property ownership for these farmers quickly became a way of life. When the first settlers moved into Ngwezi in the 1960s, for example, only one farmer had a tractor. By 1980, the district was home to 72 tractors (Momba: 345).

The migration to state lands essentially created two distinct ways of life for the Tonga. The first group was comprised of those who continued to live on communal lands, relying primarily on their informal property rights to manage daily activities. The second group included those who moved to state lands and increasingly relied on formal property rights to manage their economic activities. This latter group continued to rely on informal rules to define its social interactions.
At the time of independence in 1964, Zambia was one of the most prosperous countries in sub-Saharan Africa. This wealth did not necessarily trickle down to the Tonga farmers, however – income inequality was high throughout the country (McCulloch et al. 2000:3). Moreover, during this period, the Tonga had experienced significant disruptions to their social networks and consequently declines in their social capital.

6.3 FORMAL RULES: TRANSITIONS DURING POST-INDEPENDENCE

Since independence, Zambia has struggled to find a balance between its formal property rights structure and informal customary tenure. Zambia has undergone three tenure reform processes: the first in 1975, the second in 1985, and the most recent in 1995. Though the period started with all land being converted to state ownership, since then political interests have tried to ease land tenure back to private ownership and market development by converting customary land rights into leasehold tenure. The government also has concentrated authority over land in the central state; local pressure to devolve some of the control has been met with limited success.

Under the 1975 Land Act, the government abolished freehold tenure; existing interests were converted to statutory 99-year leaseholds.\(^48\) As a result, parties could sell

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\(^{48}\) All land was vested in the president and underused farmland was nationalized. Transactions required presidential approval, through ministerial delegation.
developments on land (with presidential approval), but not the land itself. The intent was to encourage economic development of the land. A significant result of this change was the perpetuation of the idea that undeveloped land had no value.

The 1985 Land Act restricted the granting of land to foreigners. This change occurred largely in response to the increase in immigrants from South Africa and Zimbabwe at that time. This law also restricted the amount of traditional land that chiefs and councils could allocate to a maximum of 250 ha.

The late 1980s and early 1990s saw increasing debates and tension related to private property and informal communal tenure. Citing a need to attract greater foreign investment, the government passed The Lands Acquisition Act of 1990, which allowed the state to expropriate property without the approval of local authorities. A new government in 1991 brought a renewed zeal for the idea and purpose of private property, and concerns for developing Zambia’s private sector. The government convened a National Conference on Land Policy and Legal Reform, which resulted in the proposal of an amendment to repeal the 1975 Land Act and reintroduce freehold tenure. Parliamentarians, who represented local interests such as the chiefs who controlled customary lands, refused to debate the legislation. A year later, the government introduced a modified bill that did not introduce freeholds.
Most likely, as a response to these debates, the 1995 Land Act saw some weakening of central authority over land as well as the adoption of some additional market approaches to land tenure. In a significant change from the 1975 law, the new act reversed the principle that undeveloped land has no value. Consequently, it restricts the president’s power to convert undeveloped properties. The law also weakened the president’s requirement to consent to land transactions, which strengthens to a degree local control over tenure decisions. In a nod to private property values, the 1995 law increases the right for an individual to receive compensation when the state does appropriate land.

Clause 32 of the 1995 Land Act defines current land tenure rights in Zambia. It essentially classifies land into two groups: customary and state. Customary lands, which comprise 94 percent of Zambia’s total area, combine what were Trust and Reserve lands. Permission from the chief is required to sell customary land (s. 3). Section 8 allows customary landholders to convert their land into 99-year leaseholds with the chief’s approval. Wyle et. al in her review of different land tenure systems in southern and East Africa found that few citizens have converted their lands to leaseholds because of the survey and other costs involved as well as a lack of information and accessible administrative support (284). She also found that customary “owners” generally feel their rights to be unprotected in law and stable only in default
of ready administrative support. They are concerned, moreover, that customary land
may be made subject to external leasing (284). Outsider access to local land is high,
and tenure administration remains centralized, with few offices even at the provincial
level (Wyle et al.: 284).

Regarding state land, the law makes no provision for the informal rights of
squatters on state land. The state freely allows eviction.

Because of the mixed nature of Zambia’s land tenure – central authority with
some local control through chiefs; mixed right to sell land; mixed involvement of civil
society in land reform decisions; and the use of both informal (local tribunals) and
formal systems to settle disputes – this case study was categorized as a hybrid case,
with the best possible outcome expected. See Appendix 1 for details on these land
tenure characteristics.

6.4 RESEARCH FINDINGS: MONZE DISTRICT

6.4.1 Poverty and Economic Indicators

Background

Monze district is located in the Southern Province of Zambia, and is home to
primarily small-scale, full-time farmers. Less than 1 percent are large, commercial
farmers (CSO 2000). Most farmers have semi-commercial cropping systems and grow

49 State lands includes leasehold land, government land and council lands.
commercial maize (for market), groundnuts, sunflower, cotton, traditional maize (for consumption) and sorghum. The vast majority of farmers also keep livestock, mainly cattle (FAO 2003: 6). In Monze, only 5 percent of farmers own formal title to their land (leaseholds), the majority being male-headed households (FAO 2003: 6).

Agricultural yields have been declining in the Southern Province since the early 1990s, according to CSO crop forecasting data. This decline is attributed to severe droughts in 1991/92 and 2001/02, which led to widespread crop failure (FAO 2003:13). Many farmers also lost their cattle, which meant a loss in draught power, and a loss of agricultural productivity.

Interviews with farmers provide some insight as to why farmers may be unable to invest in their agricultural activities. The mean HIV rate in Monze district is 14 percent (FAO 2003: 6). And farmers living in affected households (living with or caring for someone with HIV or AIDS) have experienced significant reductions in their income, especially for male-headed households. This income loss primarily has occurred because of the loss of an adult to AIDS and/or the reduced ability of an affected adult to work. The mean per capita income of a male-headed household affected by AIDS was ZK162,000 as compared to ZK210,000 in an unaffected household. The income loss for female -headed households was less largely because women earned less income to begin with (FAO 2003).

The difference was not as significant for female-headed households who even in non-HIV/AIDS affected households earn one-third to half less than their male counterparts (FAO 2003: 21).
interviews found that households are spending less on agricultural inputs and improved seeds because they are spending more on medical and funeral expenses, and caring for AIDS orphans.

**Poverty Rates**

Despite the drought, loss in agricultural productivity as well as reported loss in income and increases in expenditures, overall poverty rates in the Southern Province dropped a full 10 percent between 1991 and 2004, from 79 percent to 69 percent in 2004, outpacing national improvements against poverty (see Fig. 6.1).

![Fig. 6.1 Poverty Rates, Zambia 1991-2004](image)

<table>
<thead>
<tr>
<th>Year</th>
<th>Southern Province Zambia</th>
<th>Zambia National average</th>
<th>Change 1991-2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991</td>
<td>79%</td>
<td>70%</td>
<td></td>
</tr>
<tr>
<td>1993</td>
<td>87%</td>
<td>74%</td>
<td></td>
</tr>
<tr>
<td>1996</td>
<td>76%</td>
<td>69%</td>
<td></td>
</tr>
<tr>
<td>1998</td>
<td>75%</td>
<td>73%</td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td>69%</td>
<td>68%</td>
<td>-10%</td>
</tr>
<tr>
<td>Change 1991-2004</td>
<td>-10%</td>
<td>-2%</td>
<td></td>
</tr>
</tbody>
</table>

Source: Central Statistics Office (CSO), Zambia

**Food Security**

Of interest, the food security measures during this time worsened, suggesting that the most vulnerable populations experienced no economic improvements and perhaps some worsening of their economic situation (see Fig. 6.2). This finding supports the FAO participatory community survey, which found that between 7 percent
and 12 percent of households consumed only one meal per day because of a lack of food (FAO 2003: 24).

<table>
<thead>
<tr>
<th></th>
<th>Underweight for Children</th>
<th>Wasting</th>
<th>Stunting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Southern Province Zambia 2001-02</td>
<td>23.6%</td>
<td>3.9%</td>
<td>40.2%</td>
</tr>
<tr>
<td>1996</td>
<td>21.1%</td>
<td>3.5%</td>
<td>39.5%</td>
</tr>
<tr>
<td>1992</td>
<td>21.7%</td>
<td>3.3%</td>
<td>35.4%</td>
</tr>
<tr>
<td>Change, 1992-2002</td>
<td>+0.9%</td>
<td>+0.3%</td>
<td>+4.8%</td>
</tr>
</tbody>
</table>


6.4.2 POVERTY AND SOCIAL CAPITAL INDICATORS

Trust: Income Inequality

Zambia is a country with very high income inequality. The Gini co-efficient (a common measure of inequality) has been 0.5 or higher throughout the 1990s. In Zambia’s Poverty Reduction Strategy paper, the authors attribute the persistence to income inequality primarily to the poor’s inability to access credit. “This is one of the reasons why small-scale farmers constitute the poorest social stratum in Zambia, and why perhaps poverty has substantially come down among large-scale farming households” (Zambia PRSP, 2002).
Nationally, according to the World Bank figures, income inequality fell during the period 1991-1996, and then increased slightly between 1996 and 1998, although the overall level of inequality improved in the 1990s. The Southern Province exhibits a similar pattern (see Fig. 6.3), although the end measure – 0.566 – remains a high level of inequality. This suggests a slight decline in community trust.

<table>
<thead>
<tr>
<th>Year</th>
<th>Gini Coefficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991</td>
<td>0.602</td>
</tr>
<tr>
<td>1996</td>
<td>0.492</td>
</tr>
<tr>
<td>1998</td>
<td>0.566</td>
</tr>
</tbody>
</table>

Source: McCulloch 2000

**Social Homogeneity**

The following describes how homogenous the Monze district is in terms of its rural/urban mix, language and ethnicity, education levels, and household type. Overall, this community is slightly heterogeneous – the most heterogeneous of the three case studies (see Fig. 6.4). Of the variables observed, only household type changed in the 1990s, from homogenous to fairly homogenous.

Masaka’s slight shift to a more heterogeneous population mix also suggests declining community trust.
• Rural/urban mix: In Monze, about 83 percent of the population is rural with 17 percent urban, resulting in a fairly homogenous population from a rural-urban perspective (CSO 2001-02).

• Language/ethnicity: Nearly 70 percent of the population in Monze is Tonga and speak the Tonga language. The Nyanja and Bemba comprise the next highest ethnic majorities at 5.5 percent and 2.8 percent of the population, respectively (CSO 2001-02). This is a slightly homogenous population.

• Education: In the Southern Province, about two-thirds of the population has attended primary school or higher, making for a slightly heterogeneous mix of education levels: 67.5 percent, primary school; 27.6 percent, secondary school; 32.5 percent, no school (CSO 2001-02).

• Household type: In the Southern Province, 80 percent of households are male-headed households, making for a fairly homogeneous community of household types (CSO 2001-02). DHS survey data on household type suggest that women increasingly are the head of the households in the 1990s, which fits with descriptive evidence collected from FAO data and interviews. In 1992, nearly 90 percent of households were male-headed.
**Fig. 6.4 Social Homogeneity Index**

<table>
<thead>
<tr>
<th>Category</th>
<th>Homogeneity</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural/Urban mix</td>
<td>Slightly Homogenous</td>
<td>0.83</td>
</tr>
<tr>
<td>Language/Ethnicity</td>
<td>Fairly Heterogeneous</td>
<td>0.69</td>
</tr>
<tr>
<td>Education</td>
<td>Fairly Heterogeneous</td>
<td>0.67</td>
</tr>
<tr>
<td>Household type</td>
<td>Slightly Homogenous</td>
<td>0.8</td>
</tr>
<tr>
<td><strong>Overall Score</strong></td>
<td>Slightly Heterogeneous</td>
<td><strong>0.725</strong></td>
</tr>
</tbody>
</table>

**Group Cohesiveness**

**Number of Groups**

While quantitative data is not available on the number of groups in the Monze district during this period, qualitative data from the FAO survey and interviews (2003) suggests that the number of community groups is on the rise. In an effort to support AIDS-affected households, several new district and community-level groups have emerged to help in the care and prevention of AIDS. In Monze, some examples include:

- The Law and Development Association, which works to sensitize communities against property grabbing of AIDS widows and offers free legal advice to affected community members.

- The Miyoba Women’s Farmers Group, which is comprised of middle-aged women who rear pigs and goats and then sell them to raise funds for the agricultural needs of AIDS-affected households, such as procuring seeds.
• The Development AID from People to People, which works in Southern Province to help families of AIDS orphans by linking up with local primary schools. It lends households farm inputs, three cross-bred goats and local chickens; facilitates the sale of vegetable seeds in communities; and serves as a liaison for loans when households need treadle pumps for agricultural use or extra income to help with other necessities.

• New women’s and youth groups established to pursue group income-generating activities.

The qualitative data also suggests that previously established church organizations continue to assist vulnerable households with basic needs such as farm labor, clothes, food and school fees.

*Presence of Group Leaders/ Membership Density of Groups*

Given that new groups appear to be on the rise, one would expect that group leaders also are emerging. There is some evidence that community leaders are getting involved in HIV/AIDS efforts. In Sinazongwe (also in Southern Province), district organizations have formed a multisectoral committee of key institutions as stakeholders in the district’s HIV/AIDS-intervention and assistance structure. This committee is chaired by the local leader, Chief Sinazongwe of the Gwembe Tonga, and the community coordinating committees are led by the different village heads.
That said, the interviews also found evidence that some groups are losing their leaders to AIDS-related death or illness, and that some memberships are struggling because members are becoming ill or caring for others who may be sick (FAO 2003: 26).

**Longevity**

Though life expectancy in Zambia has declined nationally during this period, it has remained the same in the study area (see Fig. 4.5).

<table>
<thead>
<tr>
<th>Fig. 6.5 Life Expectancy at Birth, 1980 to 2000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Southern Province Zambia</td>
</tr>
<tr>
<td>National average</td>
</tr>
</tbody>
</table>

Source: CSO, 2001-02

**Educational Attainment**

During this period, both men and women saw a decline in their education levels. For men, the loss was nearly a year.

| Fig. 6.6 Mean Education Level  
Southern Province Zambia, 1992-2002 |
<table>
<thead>
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<tr>
<td></td>
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<tr>
<td>1992</td>
</tr>
<tr>
<td>1996</td>
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<tr>
<td>2001-02</td>
</tr>
</tbody>
</table>

Source: DHS
6.5 DISCUSSION AND ANALYSIS

In the Monze case study, we expected that the mixed nature of Zambia’s land tenure – mix of both formal and informal rules – would be associated with improvements in both economic and social indicators, resulting in the best overall outcomes. The results in fact were mixed.

Monze had the worst economic indicators of the three communities, though its social capital indicators fell between the other two communities as expected. These findings suggest that as in the Namibia case study, private gain may come at the cost of the public good – reduced community trust, for example. Moreover, as in the Uganda case study, the social capital findings suggest an association between people’s reliance on informal social networks and their ability to cope with increasing instability and economic pressures.

However, as seen in the Uganda case study, this social capital does not appear to be translating into greater public/collective goods (improved life expectancy and educational achievement) for the community.

Mixed Outcomes

All three case studies experienced improvements in their poverty rates, and the Monze district was no exception. However, its economic growth experience was the worst of the three case studies – contrary to the expectation that it would be one of the
best. Between 1991 and 2004, the Monze district experienced a 10-percent drop in poverty rates, outpacing the national average significantly. That said, this decline was the smallest of the three case studies, and the district was the only one to experience greater food insecurity and hunger.

These poverty indicators suggest that, similar to the other case studies, economic growth in Monze was uneven, with the most vulnerable populations experiencing no economic improvement, and some experiencing deterioration. The most vulnerable populations in Monze are AIDS-affected households, especially widows and those households headed by women. The FAO survey found that 60 percent of women-headed households are affected by HIV/AIDS. Moreover, though women-headed households comprise only 12 percent of the survey population, they care for nearly half of the district’s AIDS orphan population (9). As a result, these households have greater social and economic burdens than other households in their community, and cope with more limited resources.

To manage their increasing costs and such unexpected events as drought, most vulnerable populations appear to rely primarily on their social capital to make ends meet. Agriculture is the primary economic activity in Monze. Most farmers there are small-scale subsistence farmers, which is very labor intensive. That said, the FAO survey found that AIDS-affected households, especially women, are spending the
majority of their time (27 percent) to meet social obligations such as visiting and caring for sick family and neighbors, and attending funerals rather than working in the fields (20 percent) (18).

The FAO survey also found that to pay for unexpected medical and other costs, men and women in Monze follow different coping patterns related to economic and social capital. Men who head households tend to use household savings first, followed by asking for help from relatives and finally turning to the sale of assets such as livestock (23). In contrast, women-headed households seek help from relatives first, then turn to their savings and assets. These findings suggest that even though pressures are great to focus primarily on income-generating activities, households – especially women – value preserving their social networks enough to sacrifice labor time in the economic arena to spend it instead in the social arena. Moreover, when it comes to coping strategies, women tend to turn to their social networks first for help, whereas men tend to rely on an income-related solution first, and then turn to families and relatives.

This dependence on social capital often appears to have real economic costs, however; and as the economic situation for vulnerable populations worsens, these

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52 Of interest, when AIDS-affected women households are considered separately from unaffected women’s households, a different pattern emerges. Unaffected households seek help from relatives first, but AIDS-affected households do not (23). Given that the income, savings and assets levels of affected and unaffected households for women are about the same, this finding suggests that
social networks are strained. This situation is best illustrated by the funeral changes that have occurred in Monze. In Tonga society, funerals are a key social activity, and as one local leader in Monze said, “No event can bring people much closer to each other than a funeral in a village” (23). The event also is a time to demonstrate neighborly reciprocity; communities are obliged to assist the deceased’s family with the funeral costs (23). In this way, the event creates social capital for community members. The event also has real economic costs, however. The FAO survey estimated that when the food, funeral and people’s lost time is allocated, a funeral in Monze costs about ZK 5.2 million ($1,061 US). In response to this real economic cost coupled with rising food insecurity and greater poverty for some people, the Monze community has shortened the mourning period to between three and five days (23). In this way, they have reached a new balance for themselves in creating social capital at the cost of economic capital. The FAO survey found similar reductions in traditional practices and expressions of reciprocity as economic pressures strain community ties. “Communities and families assist [AIDS-afflicted] neighbors with money and food in spite of their own limited capacity during sickness and funerals,” the FAO states. “This kind of assistance was reported to have declined as a result of increased poverty” (29).

Informal versus Formal Rules

women in AIDS-affected households may be experiencing AIDS-related stigma (Nyblade 2003). A
As expected, the mixed nature of Zambia’s property rights structure appears to allow the Monze community to negotiate and define its informal rules in a manner that provides flexibility in its management of different social and economic costs. Less clear is the role that formal property rights play for community members.

Income shortage is a significant problem for most households in Monze, and their primary strategy to address this need was to spend down savings, borrow money from family and friends, and sell assets (23). “In the past, it was very rare for a Tonga household to cull or sell a heifer or lactating cow, but the [FAO] study found that it has now become quite common to see a cow and her calf being offered for sale” (16-17). About half of all asset sales in Monze were to meet food needs, 15 percent were to provide gifts to relatives and 9 percent to pay for medical expenses (28). Another 8 percent of assets were lost to asset grabbing – when families take a person’s assets because the deceased, usually the husband, has died of AIDS.

What is not clear from this and the other case studies, is why people are not using their property as collateral for loans, which in theory is one of the ways that formal property rights can protect owners in times of stress. In Monze, households most often turned to family and friends to borrow money. Only between 1 percent and 6 percent discussion of this issue is beyond the scope of this research.

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of households in Monze used their assets as credit for loans. Moreover, the FAO study found that households had less access to credit sources during the study period than before, though no indication as to why that might be occurring. According to FAO, fewer nongovernmental organizations provided farmers with agricultural inputs on credit. One result was that 6-percent fewer farmers purchased improved seeds on credit, while the use of seeds stored from the previous harvest increased by 8 percent. The continuation of this practice likely will reduce agricultural yields, and further reduce incomes.

A few researchers suggest that people may not be using their private property rights because of a lack of knowledge about the systems, regulatory burdens and mistrust of the system (Van Asperen 2006; Wylie et al. 2004). Van Asperen in his review of Zambia customary tenure interviewed focus groups of rural community members and found that many were not aware of the changes under the 1995 Land Act, which allows them to convert customary lands to leaseholds. He also found that several people reported that the procedures to change customary lands to leases was too “bureaucratic, complicated, expensive” (7). Some people also reported that the conversion process was being abused by chiefs or land officials who might sell land

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53 Only about 5 percent of households formally own their property (FAO 2003). The rest have communal rights to their property and must negotiate with their local leader (chief) to negotiate its sale. Van Asperen
without people’s permission or demand excessive gifts, and they did not believe their rights would be secure under leases.

What is clear from FAO descriptions of how the Monze people use assets is that people do not appear to view them as a means for economic growth or financial capital. They see them instead as a savings reserve to buffer extreme crises, such as hunger, and meet social obligations.

**Private vs. Public Good**

Similar to the Masaka (Uganda) case study, the ability of people in Monze to cope and survive appears to be linked to their ability to create new ways of coping and surviving their day-to-day challenges through the negotiation of informal rules. Though strained and declining, Monze’s higher level of social capital allows it to manage increased risks such as drought and AIDS with limited turmoil and conflict at the local level. The community’s value of this social capital is evidenced in how it prioritizes the creation and preservation of social capital even when faced with significant economic needs.

That said, Monze’s social capital does not appear adequate to foster the public/collective good of improved life expectancy and education, providing an even stronger association for the assertion explored in the Namibia and Uganda cases that
higher social capital may not be necessary to achieve a public/collective good such as improved life expectancy or educational achievement.

For the Monze case, however, we would add an important caveat. Life expectancy held steady in Monze district, and beat the national average by between five and three years during the study period. That is no small achievement given the high rates of poverty – more than two-thirds of the population is poor – rising HIV rates, and declining agricultural yields due to two droughts. While the final outcome did not result in improved life expectancy, the fact that life expectancy did not fall may suggest that social capital in fact has buffered this community though significantly strained circumstances. This outcome deserves further exploration.
CHAPTER 7: CONCLUSION

Policymakers and academics increasingly promote formal property rights as a means of reducing poverty. They argue that, because property rights define the rules of the game, poorer communities need formal property rights to facilitate the more complex and differentiated exchanges associated with economic growth (North 1990; Desoto 2000; Sen 1999; Easterly and Levine 2002; Rodrik et al. 2004).

Such a poverty strategy assumes, however, that a primary goal of poverty reduction is to increase personal and national income through greater production of private goods. This thesis asks, What happens when one pursues a poverty-reduction strategy where the goal is to produce superior public goods such as improved education, greater access to quality health care or less domestic violence? Do the strategies complement each other? Could they potentially conflict with each other? Specifically, could the growth of individual property rights undermine the ability of communities to generate and sustain the social capital needed for public/collective goods?

The overall results of this research are mixed, but a key finding that emerged is that economic poverty reduction – an improvement in income – is possible even without a formal property rights structure. All of the case studies saw significant poverty reduction during the 1990s.
However, the findings also suggest that a trade-off between economic and social capital exists. What remains to be learned is the degree of that trade-off and whether an erosion of social capital hurts communities’ ability to achieve broader poverty reduction.

On the latter point, the findings raise important questions about the role social capital plays in poverty reduction and achieving improved public/collective goods such as longevity and educational achievement. The only improvement – better educational achievement for men – was found in the formal property rights case, where the worst outcomes were expected. It is clear from the qualitative data, however, that social capital played a crucial role in people’s ability to cope with extremely difficult circumstances. Additional research is needed to explore these findings, but it suggests that the public good outcomes may be related to the type of social ties in the community: weak versus strong.

**SUMMARY OF FINDINGS**

To explore how formal and informal property rights relate to each other as a means of reducing poverty, this thesis examined three case studies with different property rights structures – primarily formal, informal and mixed – and considered improvements in economic capital and social capital based on theoretical hypotheses. Because greater social capital can have both positive and negative effects, the thesis
also considered the community’s ability to improve longevity and educational achievement (public/collective good)s as outcomes of positive social capital. The key findings are summarized as follows:

• Income poverty improved in all three case studies, with the best outcomes experienced in Namibia and Uganda (the formal and informal property rights case studies), and the poorest improvement in Zambia (mixed status) where poverty dropped but food insecurity rose.

• Social capital declined in all three case studies, but as expected, was strongest in Uganda (informal property rights case study) and weakest in Namibia (formal property rights case study).

• Greater social capital was not a necessary condition for improved public/collective goods as measured by improved longevity and education. Only the Namibia case study, which had the weakest social capital, experienced improvements in education. None of the case studies experienced improvements in longevity, though the Zambia case study was the only one to maintain its life expectancy.

**Formal Property Rights and Economic Growth**

The strongest finding to emerge from the research was that economic poverty reduction – an improvement in income – is possible even without a formal property
rights structure. All of the case studies saw significant poverty reduction during the 1990s, regardless of their property rights structure. Moreover, the informal property rights case study (Uganda) experienced the most even poverty reduction of the three cases, suggesting that informal rules could be important in pro-poor policies.

The research also confirmed that economic assets (private goods) are important to how people cope and survive in poor communities. All three communities sold assets as a means for dealing with income shortage.

That said, people did not appear to be using their private goods (land or livestock) as a basis for entrepreneurial activity, even in the formal property rights case study. Most of the entrepreneurial activities that occurred — beer brewing, basket weaving, knitting — were based more on social capital than economic capital. An important exception was found in the Uganda case study where people — especially orphans — increasingly transported people on their motor bicycles (a practice called “boda boda”) for cash (FAO: 38). These findings suggest that in assessing property rights, it is important to broaden the term to include all households’ assets, including bicycles and household tools.

People in these communities also seemed to sell their assets more often than use them as collateral for a loan. Evidence from Uganda and Zambia found that people who accessed credit most often used informal groups, where social capital factored into
whether they were deemed trustworthy. The Namibia case study suggests that people do not necessarily have access to either formal or informal credit institutions. This finding suggests that as social capital declines (and informal groups dissolve), communities may be losing their informal credit institutions. This possible pattern deserves further research.

Finally, even when formal rules existed to protect people and their property in the three communities, people most often chose not to use them. There are several reasons why this may be occurring: People may not yet know about their rights; people may find the regulations and bureaucracy to enforce their rights too burdensome; people may not trust this more formal structure; and people may perceive a value in preserving social capital over private gain. These possibility all deserve further exploration.

**Informal Property Rights and Social Capital Growth**

Social capital appears to be declining in all three communities; however, the social capital measures suggest that the levels of social capital are consistent with the theoretical hypotheses: the strongest social capital is in the informal property rights case study and the weakest is in the formal property rights case study. This decline in social capital is important because the qualitative data clearly show how important social capital is in how people cope and manage crises in their lives, especially for the
most vulnerable populations. For example, all three communities experienced increases in AIDS-orphans, but the community’s ability to absorb these children is associated with their level of social capital. Namibia, which had the weakest social capital, also had the highest percentage of child-headed households (3 percent) (FAO).

Informal rules in Uganda and Zambia also appeared to be more flexible and accessible to people than formal rules, allowing them to negotiate new terms based on changed circumstances or to create new institutions to help them better cope. Moreover, people in these communities relied on their social capital to facilitate the exchange of economic capital, for example, the use of informal credit institutions.

From these case studies, it appears that a trade-off between economic and social capital indeed exists. This trade-off was best illustrated by the funeral experience in Zambia where people had to adjust their social custom of mourning because the economic cost of time spent away from work proved to be too high. Given that informal property rights do not necessarily preclude economic growth, these findings suggest that more attention should be paid to using informal rules to jump start economic growth as a way to minimize the tradeoff.

Social Capital and Public/Collective Goods
The surprise finding was that stronger social capital was not associated with improved public/collective goods. As mentioned, the formal property rights case study was the only one to experience any improvement – education for men.

Based on the literature, this result could be because Namibia in fact had greater “weak” social ties, which the literature associates with various improved outcomes (Coleman 1988; Putnam 2000, Narayan 1999; Granovetter 1973). The social capital literature suggests that communities and people can benefit from the extended reach and more diverse contacts that a diffuse and heterogeneous network can provide. Social organizations in Namibia in fact had such characteristics. They were larger, less dense and often connected to broader groups, such as the Red Cross, which were based outside of the community. In addition, the population itself was more mobile than that in the other two case studies.

Building on this thought, the other two case studies may have had greater strong ties. These ties would have provided an immediate coping benefit, but locked them in to exchange with only their immediate network – capping their overall growth. The evidence found here appears to support such a pattern, but further research would be needed to explore the possible association.

This finding also raises important questions about the adequacy of income inequality and group cohesiveness as proxy measures for social capital. While the
quantitative measures supported the qualitative findings of which communities at the aggregate level had greater social capital, the measures did not allow for a distinction between weak and strong ties. This distinction may be important to understanding the interplay of social and economic capital and what happens when communities transition out of poverty.

**Policy Implications**

On balance, the research results suggest that social capital and informal rules in fact are important to poverty reduction efforts. They also suggest that a formal property rights structure may undermine the ability of a community to generate social capital. It is unclear, however, whether greater or less social capital in fact improves a community’s ability to achieve better public/collective goods.

What is clear from these case studies is the important role that social capital plays in helping communities, especially vulnerable populations like women and children, cope with extreme economic and social stresses. Even when people turn to their economic assets (private goods) to buffer crises, they rely on their social capital – relations with each other – to facilitate the actual exchange. For example, most community members turn to each other, and not formal institutions such as banks, for loans based on their private goods as collateral. Moreover, in cases where social capital was severely diminished, such as an AIDS-affected widow who either had no family to
turn to or was outcast because of AIDS-related stigma, an economic asset might be lost – as seen in the practice of asset stripping. In this way, social capital can enhance the value of economic capital.

The research results raise important questions for policymakers about the implementation of formal property rights regimes at the national level in developing countries. The results suggest that communities can achieve significant poverty reduction without a concerted push for formal property rights, and that these poverty gains may be more evenly distributed.

Moreover, it cautions against implementing formal property rights regimes too quickly and vigorously at the risk of eroding social capital. Social capital appears to provide an important function in both helping to protect the most vulnerable in a community and enhancing the exchange and value of economic capital.

Formal rules also may bring rigidity to social exchange in communities similar to those in the case studies, interfering with people’s ability to negotiate new rules and redefine existing social networks for their changing circumstances.

New research is needed to further clarify these important questions. Key among them:

• Under what conditions does greater social capital lead to improved collective/public goods? Is there a distinction between greater social
capital measured as weak social ties and greater social capital measured as strong social ties?

- Under what conditions do people choose to enforce their formal property rights at the community level? Is there a tradeoff in economic versus social capital?

- To what degree is there a loss of social capital when there is economic gain?

- What kinds of poverty reduction efforts use informal rules to foster economic growth, and are these effective for longer-term growth or does there appear to be a cap on this growth?

- In communities experiencing declines in social capital, are they also losing informal groups such as funeral banks and microcredit groups, which provide rural people access to credit?

- What new social capital proxies might be used to capture the distinction between weak and strong social ties without requiring a formal social network analysis?
APPENDIX: Table of Property Characteristics for the Case Studies

<table>
<thead>
<tr>
<th>Tenure Systems</th>
<th>Zambia</th>
<th>Uganda</th>
<th>Namibia</th>
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<tbody>
<tr>
<td>Customary (traditional)</td>
<td>X</td>
<td>X</td>
<td>X</td>
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<tr>
<td>Leasehold/Freehold (English)</td>
<td>X</td>
<td>X</td>
<td>X</td>
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<tr>
<td>Mailo (local)</td>
<td></td>
<td>X</td>
<td></td>
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</table>

| Constitution: Property ownership as a human right |        | X      |         |

| Extent to which colonial law is current law | Modified 1985, 1995 | Greatly modified 1998 | No modification |

| Driver for land reform post-independence (who benefits?) | State; powers that be | State; powers that be | Citizens; post-independence restitution sought |

| Current status of reform (who benefits?) | State; powers that be | Citizens; local customs integrated | State; powers that be |

<p>| Civil society involvement with land reform | Mixed. Ministry conducted consultative seminars with communities but received opposition from local chiefs. Land bill not gazetted, so public comment not | Limited until 1988, and then increasingly involved. Education campaigns included to sensitive public to new laws | High. NGOs organized and greatly involved until the final process when bill was pushed through the parliament without appropriate civil society involvement. Bill |</p>
<table>
<thead>
<tr>
<th>Tenure administration: Locus of power over land allocation &amp; transfers in current/new land laws</th>
<th>allowed.</th>
<th>since rejected.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central government (some functions decentralized)</td>
<td>District land boards (outside of central and local government)</td>
<td>Central government (some functions decentralized)</td>
</tr>
<tr>
<td>Chiefs also involved (outside of central and local government)</td>
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<th>Dispute resolution mechanisms</th>
<th>allowed.</th>
<th>since rejected.</th>
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<tr>
<td>Dedicated tribunals (outside of formal court system; local)</td>
<td>Dedicated tribunals: district and sub-county (outside of formal court system; local)</td>
<td>Courts; community-based dispute-resolution proposed as part of Communal Lands Reform bill, but was rejected.</td>
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<th>Non-citizen access to land</th>
<th>allowed.</th>
<th>since rejected.</th>
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<tbody>
<tr>
<td>Permitted but only through leasehold and for investment purposes, with the president’s consent.</td>
<td>Permitted but only through leaseholds, which are up to 99 years in the absence of a restrictive clause (potentially renewable).</td>
<td>Permitted, but need permission of the Minister.</td>
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<tr>
<th>Right to sell land</th>
<th>allowed.</th>
<th>since rejected.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Limited for rural majority; not permitted in customary sector but permitted in leasehold titles</td>
<td>No limitations. Customary tenure, able to sell if local law allows; freehold, freely permitted; mailo, owner may sell after giving the tenant first option to purchase</td>
<td>No limitations</td>
</tr>
<tr>
<td><strong>Right of state to appropriate private property</strong></td>
<td>Strong. For public purposes through the ministry of lands. Compensation allowed for land in use; no compensation for unused or undeveloped land.</td>
<td>Strong. For public interest. Compensation required at “fair market value” for compensation and cost of disturbance.</td>
</tr>
</tbody>
</table>

Source: Wylie et al. 2001
REFERENCES

NISER, University of Namibia, Windhoek.


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