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JOINT SUBMISSION TO THE INDEPENDENT REVIEW OF AID EFFECTIVENESS

This joint submission by Land Equity International and Strategic Planning and Management Services (SPMS) to the Independent Review of Aid Effectiveness is made with a specific focus on the Australian Government's support to land sector reforms in developing countries. Land Equity International and SPMS have been involved extensively with the implementation of AusAID and other Official Development Assistance projects in the land sector in more than 20 developing countries. This submission to the Review stresses the importance of the land sector in underpinning the success of many aid projects. The sector has a significant role to play in the in the creation of wealth, peace, security, stability, poverty alleviation and well-being in developing countries.

There are a number of reasons that AusAID should consider a stronger focus on the land sector to ensure the effectiveness of the Aid Program. These reasons, which are discussed below, include:

1. There is an increased recognition of the importance of the land sector to social and economic development;
2. Australia has a strong capability and expertise in the land sector, domestically and internationally;
3. AusAID has a track record with projects in the land sector; and
4. The land sector provides an opportunity for AusAID to leverage its profile in new geographic areas and strengthen its partnerships with other multilateral and bilateral development partners.

The submission sets out what we see as major challenges facing the Australian aid program. It then focuses on why the land sector matters concerning effective aid delivery. A series of recommendations are included for consideration by the Review.

THE CHALLENGES OF EFFECTIVE AID DELIVERY

The stated aim of increasing Australia's Overseas Development Assistance to 0.5% of GDP by 2015-16 presents a number of serious challenges to Government and AusAID. A number of strategies will have to be developed and implemented in a relatively short period in order to achieve this objective. This submission has been made to ensure that the land sector is not overlooked in this review.

IMPORTANCE OF THE LAND SECTOR IN UNDERPINNING DEVELOPMENT AID PROJECTS

Land is the primary asset used by humans to produce food and commodities, build shelter and to create wealth. It is also something that has great cultural and spiritual significance to all people. It serves as a fundamental asset for the economic empowerment of the poor and provides a safety net in times of hardship. Land and property are also the primary assets used to create wealth. For most people living in developing countries it is difficult to capitalize on these fixed assets.

Land disputes are the primary cause of war, civil unrest and the growing number of refugees, forced from land their ancestors have occupied for hundreds of years. Without security of tenure to land and property, economic and social systems in countries face enormous uncertainties, resulting in a lack of confidence by owners and occupiers to invest, repair and in some cases rebuild property when is severely damaged by natural and civil actions.

Secure access to land and guaranteed property rights are the key to improving household livelihoods and supporting poverty alleviation. The role of secure land tenure rights in protecting vulnerable groups from deepening poverty has become critical in today's world where competition for access to resources and efforts to enhance the efficiency of land use are the main drivers of the development process.

Pressure on land resources accentuates tenure insecurity and this insecurity, in turn, discourages people from making medium- and long-term investments to improve the productivity of their land. In worst case scenarios, it means poor and vulnerable groups are in danger of losing access to their land.

Whether in formal land administration or customary tenure arrangements, weak land governance affects the poor in particular. Unprotected land rights may well leave them marginalised and outside the law. Weak land governance may also mean that land is not used appropriately to create wealth.

Secure access to land for the poor and vulnerable is increasingly affected by shocks and stresses induced by climate change, violent conflicts and natural disasters, along with more structural trends such as population growth and urbanisation.

There is an increased recognition in the development community of the importance of land issues. In 2003 the World Bank published a Policy Review Report entitled “Land Policies for Growth and Poverty Reduction”.¹ This report has been critical in raising the profile of land issues. The World Bank has also been leading discussion on the controversial issue of large-scale investment in agricultural land.² Other multi-lateral agencies have focused on particular aspects of the land sector. The FAO is developing voluntary guidelines on land and natural resource tenure.³ UN-Habitat has developed guidelines to address land issues in a post-conflict or post-disaster situation.⁴

Bilateral donors have also produced key documents on land sector issues. SIDA published a key document on Natural Resource Tenure in 2009 with the objective of seeking greater cooperation between the actors with different areas of expertise.⁵ Germany has published a document on its land policy activity.⁶ USAID as created a web page to set out its land tenure activities.⁷ USAID has recently issued a draft Statement of Work for an Indefinite Quantity Contract entitled Strengthening Tenure and Resource Rights (STARR) with a shared ceiling of US\$700 million in which they state:

“Secure access to and control of land and land-based resources is critical to supporting many of USAID’s strategic objectives including women’s economic empowerment, food and energy security, nutrition, democracy and governance, conflict mitigation, adaptation and mitigation of climate change, global health and natural resource management. The lack of secure and negotiable property rights is one of the most limiting factors in achieving economic growth and democratic governance throughout the developing world.”

LAND ISSUES AND THE MDGs

Land is a cross-cutting issue in the development world. It is an issue in both the rural and urban sectors. Land issues also arise in many development objectives, including fostering private sector development, mitigating climate change and improving natural resource

¹ <http://siteresources.worldbank.org/EXTARD/Resources/336681-1295878311276/26384.pdf>

² http://siteresources.worldbank.org/INTARD/Resources/WB237_RGIF_all2_cropped.pdf

³ <http://www.fao.org/nr/tenure/voluntary-guidelines/en/>

⁴ <http://www.gltm.net/en/general/post-conflict-land-guidelines.html>

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http://www.sida.se/Global/Development%20and%20cooperation/Economic%20opportunities/SidaStudies23_SIDA51603en_web.pdf

⁶ <http://www.tni.org/sites/www.tni.org/files/download/landpolicy5.pdf>

⁷ <http://www.usaidlandtenure.net/>

management. The Millennium Development Goals (MDGs) do not specifically refer to land, but land is implicit in four of the eight MDGs:

- Secure rights to land and greater equity in land access are important for poverty reduction and of great relevance to the attainment of MDG-1 for eradicating poverty and hunger.
- Land policies and agrarian reforms are of direct relevance to attainment of MDG-3 for gender equality and the empowerment of women,
- MDG-7 for environmental sustainability which includes indicators for forest land and the improvement in the livelihood of slum-dwellers, and
- MDG-8 for establishment of effective development partnerships.

CHALLENGES AFFECTING AID DELIVERY INVOLVING THE LAND SECTOR

Four significant areas of challenge in the aid program in the future are: food security, water security, managing the development of cities, and climate change. The management of these issues will determine standards of living in the developing world and the success of efforts at poverty reduction.

FOOD SECURITY

Food security looms as a major threat to developing economies. The loss of agricultural land through poor land-use practices, fragmentation of ownership and urbanization is reducing the capacity of many countries to produce sufficient food for domestic consumption. To improve productivity will require major reforms to the land sector. The most significant areas needing reform relate to rural land management, security of tenure and property taxation. In many Asian countries more than half the land in private ownership is in dispute or the means of tenure remains unclear.

Security of tenure is essential for farmers to have confidence to invest in food production and make improvements to land and adopt new technologies that have the potential to improve agricultural productivity. The lack of security over tenure prevents owners or long term leaseholders of land from using land as collateral to support investment in off-farm business enterprises. Security of tenure also affects the willingness of people to invest in dwelling and environmental improvements.

The effectiveness of rural aid development programs in support of food security is dependent on improved security of tenure arrangements, especially formalization of lease and rental agreements between land owners and tenants. Without proper arrangements to register rights to the occupation and use of land (whether these are customary or formal), uncertainty will continue to prevail in the agriculture sector, leading to falling investment, lower yields and productivity.

WATER SECURITY

Water security has the potential to generate conflict in many of the developing countries for which the Australian governments provides Aid. Water security is not just concerned with having sufficient water but also its quality.

The issue of water rights has become very prominent in Australia with the release of the Murray Darling Basin Plan. In Asia water rights, especially those associated with the Mekong and the Ganges river basins is much more complex as they involve several countries. Water rights associated with land are likely to become matters of potential conflict given the competing demand for water.

The introduction of rights to water will be a major challenge for governments in developing countries. Poor records management for land and property will make it difficult for governments to not only allocate rights, but also to place a value on these. Land with water rights provides security to grow crops and has an effect on the productivity and economic value of land. The demand for Aid support to water security related projects can be expected to increase rapidly and it will be critical that programs designed to ensure water security incorporate land sector management.

MANAGEMENT OF CITIES

Urbanization is a major challenge. In Asia an extra 1.1 billion people will be added to the populations of cities⁸. Urbanization in Asia involves over 45 million people being added to the population of cities every year. To put this in perspective, over 120,000 people are added to the population of Asian cities each day using up more than 12 km² of mainly productive agricultural land and foreshores for generally poor quality forms of urban development. This creates a requirement for the construction of more than 20,000 new dwellings, 250 km of new roads and additional infrastructure to supply more than 6 million litres of potable water.

Urbanization has brought enormous economic and social change and benefits to most Asian countries. However urbanization in Asia has come at a price. Traffic congestion and pollution continue to grow, overcrowding has become endemic in many cities, urban poverty, associated with unemployment and the lack of access to adequate housing and services, is an increasing social problem. Urban governance – the institutions and arrangements for the planning, provision and financing of urban infrastructure and services – have been swamped by the speed and magnitude of urbanization. There are major backlogs in the provision and maintenance of urban infrastructure and services.

One of the major challenges of urbanization is access to land. The failure to plan and manage urbanization and the release of land has led to the number and extent of slums expanding

⁸ <http://www.adb.org/Documents/Books/Urbanization-Sustainability/urbanization-sustainability.pdf>

rapidly in developing countries. Most are on the urban periphery often taking or degrading scarce agricultural land. If Australia's aid program is to be involved in this area - and it is central to poverty reduction and the efficiency of cities - an effective involvement starts with land development and titling issues.

A significant failure in the land management of cities is the collection of property taxes. Local governments in Asia and other developing countries are struggling to raise capital for infrastructure and community development programs. Most rely on direct grants and loans from central government. Reform of local taxation and valuation systems is essential to increase revenue flows to pay for essential public services. The Innovation Support Fund ⁹ under the Philippines Land Administration Program supported by AusAID and World Bank resulted in impressive improvements to property tax collection at the local level and demonstrated the ability and willingness of local governments to match AusAID project funds and achieve returns on investment.

AusAID can significantly improve its aid effectiveness by investing in an Urban Program to complement similar initiatives by the ADB and World Bank. Urban centres face enormous development issues, which will require the support of good land information systems (LIS) to collect data on land use, property ownership, valuation, location of infrastructure and services. The challenge is that urban programs are multi-sectoral and not easy to manage. They also require high levels of expertise and advice in urban management to be delivered effectively. Australia has good expertise in urban sector management which could be used very efficiently to deliver on multi-discipline urban sector projects involving the land sector.

CLIMATE CHANGE

The Asia-Pacific and African region's exposure and sensitivity to climate change is significant. Climate Change mitigation and adaptation aid programs will be significantly affected by land management and development issues. Adaptation requires great attention to land use planning and urban design, building design, and emissions standards. Adaption will require mapping and the identification of ownerships and lease of land and coastal areas for considering matters of compensation, relocation and disaster impact. Australia has global expertise in these fields which can be used very effectively in Aid program dealing with land management, administration and climate change.

CAPACITY OF THE AGENCY TO DELIVER AID TO LAND SECTOR PROJECTS

It is essential that Australia's aid program be involved in these 'big picture' development issues and not focus solely on responding to social symptoms whether they be poverty, education or health issues.

⁹ <http://phil-lamp.org/ISF.html>

A major issue for the Australian Government and AusAID in expanding its aid program is having the technical capacity to support the many programs it is responsible for delivering. The decision to outsource many program activities to country posts has been effective, but the run down in technical capacity within the agency and the high staff turnover in recent years has led to the loss of corporate knowledge and undermined the effectiveness of delivery. In the land and other sector related projects AusAID has limited in house expertise.

The land sector has a major impact on the performance of other sector projects. Land issues are one of the most significant problems holding up the implementation of projects, especially when issues are related to resettlement, compensation, development rights and infrastructure. In seeking to improve the effectiveness of aid, both in targeting and delivering aid projects, AusAID and partnering agencies need to have the technical capacity within house to advise on land sector issues.

HOW AUSTRALIA CAN USE ITS EXPERTISE IN THE LAND SECTOR FOR AID DELIVERY

1. Australian Land Sector Capability. Australia and Australian advisers have a strong profile in the land sector internationally. These activities are founded on a long history of innovation and involvement in development assistance by the various Australian land administration offices. This started initially with title registration systems, but extended with innovations such as strata titling and community titles and the introduction of systems to register water rights.

Australia has also been an innovator in making land administration databases available to other users, such as local government authorities and utilities. Land information – graphical and textual – sourced from land registration systems is now recognised as a valuable public asset and the basis for better decision making. Australia has also often led the debate in a range of policy issues that facilitate the development of land information systems – issues such as privacy, copyright and licensing, pricing policies – and has policy documents on these topics that are applicable to other countries.¹⁰

There has been much debate in Australia over the past 10-15 years over the issue of native title. The systems developed as a result of the Marbo and Wik decisions, and the pool of social scientists that have been engaged on the community consultation processes necessary to support these systems, are systems and skills that are in demand in many parts of the world. In placing staff on international projects we have drawn on the pool of social scientists working with aboriginal communities on native title matters.

¹⁰ <http://www.anzlic.org.au/policies.html>

3. AusAID's Track Record in the Land Sector. AusAID has had an involvement in supporting the land sector for more than 45 years. The Australian government's initial support for land administration and management began in the Philippines in the mid 1970s. Since then the agency has been engaged in over 50 'land' sector projects in Asia, the Pacific and Africa since the 1970s (AusAID 2000). This expertise is documented in two Quality Assurance Series reports produced about a decade ago.¹¹ These reports noted that AusAID had supported 23 projects in the previous 15 years in land titling and land administration at cost of about A\$130 million. This investment has continued with significant continuing investment in projects in Laos, the Philippines, Solomon Islands, Vanuatu PNG and Zimbabwe. The project work however has been undertaken in an ad hoc manner without any over-riding strategy and little or no engagement with the international land sector community. In 2008 the publication of Making Land Work,¹² set out a strategy for engagement by AusAID in the land sector in the Pacific however for a range of reasons; this program is progressing slower than planned.

4. An opportunity for AusAID to leverage its profile in new geographic areas and strengthen its partnerships. Many of the large land sector projects that AusAID has supported in South East Asia have been co-financed with World Bank project activity. This strategy has been mutually beneficial with AusAID being able to leverage its ODA investment and the World Bank being able to ensure that appropriate levels of technical assistance are provided to Bank-funded projects.

However the relationship has not been without its difficulties. There are significant opportunities for AusAID to interact with other donors in land sector activity. The land project in Vanuatu is being implemented with support from the New Zealand government. Bilateral donors in the land sector are seeking partners. The land sector also provides a platform for AusAID expanding its geographic area of interest. Land is particularly important factor in Africa. In the meeting of African heads of Government in Tunisia in 2009, the African Union endorsed a framework and guidelines on land policy in Africa.¹³ The World Bank has an annual land sector conference and convenes regular meetings of development partners interested in the land sector. AusAID has had limited representation at these meetings. Nonetheless, the active discussion and interaction in the land sector, and AusAID's existing profile in the sector, provide a strong basis for deepening partnerships and broadening the geographic extent of Australia's ODA activity.

¹¹ <http://www.ausaid.gov.au/publications/pdf/qas20.pdf> and

<http://www.ausaid.gov.au/publications/pdf/qas26.pdf>

¹² http://www.ausaid.gov.au/publications/pubout.cfm?ID=3363_9223_6836_1452_8140&Type

¹³ <http://www.gltn.net/en/newspage/african-union-endorses-framework-and-guidelines-on-land-policy-in-africa.html>

It is important to note that AusAID faces a number of structural difficulties in broadening its activity in the land sector, or any sector for that manner. AusAID has generally not invested in knowledge management. QAS 20, in looking at AusAID land-sector experience, noted that less than 10% of the technical reports produced by the projects were available in the AusAID library.¹⁴ AusAID has also had difficulties in retaining experienced personnel in the land sector. AusAID invested significantly in developing the Pacific land sector program set out Making Land Work, but then lost the key personnel who developed this program. The limited knowledge management and the lack of dedicated personnel have impacted on AusAID's activities. For example, AusAID has programmed a land sector activity in PNG under that Making Land Work strategy, but has lacked the resources to advise and provide the necessary assistance to the government of PNG in the formulation of the policy and legislation that will underpin the on-going activity. This gap has serious implications for the planned activity and for the land sector in PNG in general.

RECOMMENDATIONS

The following recommendations are put forward:

- That AusAID include land as a theme in future programs.
- That AusAID develop the capacity to capture knowledge, actively engage in the international land sector community and provide strategic advice to partner government on land sector issues. This will require some key resources, but need not necessarily involve a substantial build up in AusAID staff with specialist skills. USAID has contracted services to support land sector knowledge management and the provision of strategic advice.
- That AusAID develop a technical career path for their staff in the land sector and retain these staff in this area.
- That AusAID develop a model to identify key areas – based on need, Australia's competitive advantage etc – and then put resources into these areas.

We trust that the above comments will assist the Australian Government in setting the course for a more effective aid delivery program in the future.

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¹⁴ <http://www.ausaid.gov.au/publications/pdf/qas20.pdf>, page 32