



Final Report

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Legal Empowerment Fact Sheet Second Pillar: Property Rights

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"Everyone has the right to own property alone as well as in association with others."

Universal Declaration of Human Rights, article 17 section 1

A fully functioning property system is composed of four building blocks: a system of rules that defines the bundle of rights and obligations between people and assets reflecting the multiplicity and diversity of property systems around the world; a system of governance; a functioning market for the exchange of assets and an instrument of social policy.

When people's rights over their land are insecure, they cannot leverage these assets and they have to devote valuable resources to physically protect it and get tied down in conflicts over plot boundaries. Secure property rights boost business investment and farmers plough more back into their land. The introduction of effective property rights, managed by functioning institutions, helps developing countries to progress.

The expansion of property rights to the poor allows them to use the law as a vehicle for the inclusion in the formal economy, and as a mechanism for upward social mobility. Secure of property rights allows for the poor to use property as collateral for obtaining credit for a business loan or a mortgage.

Some examples:

- Women, who make up half the world's population and produce 60 to 80% of the food in developing countries, and own less than 10% of the world's property. Women often face barriers to owning, using, and transferring or inheriting property and face forcible eviction from their homes and their land by family members, traditional authorities and or neighbors. (UN 1980; FAO 1999 Women's Right to Land and Natural)
- Informal capital needs to be legalized to be leveraged. In Peru, informal capital is estimated to be worth US\$74 billion. In Haiti it is over US\$5.4 billion; Honduras, nearly US\$13 billion; Albania nearly US\$16 billion; Tanzania, over US\$29 billion; the Philippines over US\$132 billion; Egypt over US\$248 billion; Mexico over US\$310 billion
- Surveys in Poland, Romania, Russia, Slovakia and Ukraine show that businesspeople who believe that their property rights are secure reinvest as much as 40% more of their income than those who do not.
- In Ghana and Nicaragua, farmers with secure tenure invest more in their land.
- Rural land in Brazil, Indonesia, the Philippines and Thailand shot up in value by between 43% and 81% after it was titled.
- The value of urban land dramatically increased after it was titled: by 14% in Manila, by 25% in Guayaquil and Lima, and by 58% in Davao.
- Nearly 1/3 of the world's population suffers from a moderate to high

water shortage. Land value often depends directly on the adequate water rights. Rising populations and economic growth will boost demand for water by half in the next 30 years: some 4 billion people will be severely short of water by 2025

The challenge

Because most of the world's poor lack effective property rights: they are without secure tenure, unaware of their legal rights, or unable to exercise them. Women and indigenous groups suffer most from a lack of property rights. This is true in the poorest states but also in more prosperous ones such as Brazil, China and Russia.

The poor's assets may be documented through informal local arrangements that provide some protection and liquidity. But frequently these are not recognized by national institutions and do not allow capital to be leveraged more widely to increase their incomes and improve their businesses. Owners cannot use their assets to get loans, enforce contracts or expand beyond a personal network of familiar customers and partners. Their property is often vulnerable to seizure through force or law.

Uncertainty over legal ownership of forests, pastures, swamplands, and sources of fresh water is a key concern. Customary tenure systems were once thought to provide insufficient security, however research shows that they can be flexible and responsive to changing economic circumstances. Never-the-less, extra safeguards are needed for women and the most vulnerable groups.

Efforts should be made to secure the property rights of urban shanty-dwellers and rural state land squatters by using a range of measures, including financial mechanisms, granting them adequate documentation to their already occupied lands, or by providing them suitable alternatives. Rental markets often provide the first step out of landlessness for the poor. More robust and transparent guarantees should strengthen the position of the rural and urban poor in rental arrangements.

Property - Reform Options

- Institutionalize an efficient property rights governance system that systematically and massively brings the extralegal economy into the formal economy and that ensures that it remains easily accessible to all citizens.
- Promote an inclusive property rights system that will automatically recognize real and immoveable property bought by men as the co-property of their wives or common law partners, as well as clear inheritance rules.
- Create a functioning market for the exchange of assets that is transparent and accountable.
- Ensure that all property recognised in each nation is legally enforceable by law and that all owners have access to the same rights and standards.
- Reinforce property rights, including tenure security, through social and other public policies, such as access to housing, low interest loans, and the distribution of state land.
- Develop legal guidelines for forced relocation, including fair compensation.
- Recognition of a variety of land tenure, including customary rights, indigenous peoples' rights, group rights, certificates, etc., including their standardisation and integration of these practices into the legal system.
- State land audits with findings published to discourage illegal taking possession of public land.
- Simplified procedures to register and transfer land and property.

[FAQs](#)

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