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## PAST A.I.D. EXPERIENCE WITH LAND REFORM

## Introduction

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This paper attempts to summarize the experience of the Agency for International Development (A.I.D.) land reform efforts in developing countries. Although the problems of land reform are complex and there have been significant efforts in many developing countries, A.I.D.'s experience is not extensive. Compared with its involvement in other development sectors and programs worldwide, A.I.D.'s role in land reform programs has been described as "marginal" or "peripheral." For the most part, A.I.D. support to land tenure programs has been limited to the provision of policy advisors, technical assistance in land mapping and titling, and to an increasing degree, credit and supporting services to "reform sector" farmers. In Latin America, A.I.D. projects have also supported colonization and resettlement programs, as well as "free market" land distribution programs in Ecuador, Costa Rica and Guatemala.

### Major Findings

In examining available documentation on A.I.D.'s experiences with land reform, "political will" however defined is the single most powerful factor in explaining the success or failure of such efforts. A.I.D. has often withheld support for agrarian reform programs because it doubted the host government's commitment to the concept, or because it feared that the HG would not be able to withstand political fallout even if its interest was sincere.

While individual projects have experienced unique obstacles, most outright failures can be traced to the withdrawal of host government support or the failure to agree on basic goals at the outset.

A.I.D. has been able to make effective contributions to agrarian reform programs, but has had little influence over basic "go/no go" decisions the Government must make concerning this sensitive topic.

### Research

A.I.D.'s major contribution to research on land tenure issues has been its long-term support to the University of Wisconsin

Land Tenure Center (LTC). Founded in 1962 with A.I.D. funding, the LTC has become the world's leading resource on land issues. A 1982 evaluation of the LTC judged it to be a unique and valuable resource. Over the years the Center has been criticized for taking an overly academic approach to its research, emphasizing basic data collection and historical analysis. In recent years A.I.D. has pushed the LTC to get more involved in direct support to USAID Missions, to engage in collaborative relationships with LDC institutions, and to put more emphasis on synthesis and dissemination of research findings.

In 1970 A.I.D. produced the "Spring Review of Land Reform," a comprehensive review of the state-of-the-art at that time. The review examined worldwide experience and did not focus exclusively on A.I.D. projects or experience in land reform. Similarly, research conducted by the Land Tenure Center rarely if ever examines A.I.D.'s role in land reform. Thus, the record of A.I.D.'s experience can only be found in individual project evaluations, which tend to focus on technical implementation issues and do not provide a perspective on how A.I.D.'s inputs have affected the larger national programs they have supported.

Major Programs Which Pre-date A.I.D. Involvement: Taiwan and Korea

The two most conspicuous "success stories" for U.S.-supported

land reform, Korea and Taiwan, did not really involve A.I.D. as an institution. The Korean case predates even A.I.D.'s predecessor agencies, while the Taiwan reform was administered by the Joint Committee on Rural Reconstruction (JCRR), a unique bilateral organization with no parallel in any other A.I.D.-recipient countries. Therefore, these examples probably are not relevant to the conditions and constraints faced by A.I.D. today.

An evaluation of the Korea experience concluded that a key factor in the success of the program was "the existence of the U.S. military government with land assets it could distribute without having to purchase the land. The relative ease of the first phase of reform gave impetus for later stages." In addition, the high political commitment of the government and the upheaval of the Korean War created conditions where radical departures from previous land ownership and tenurial arrangements were possible. Under these rather unique conditions, the U.S. Military Government and later the Republic Of Korea managed to distribute 69 percent of the land tentatively identified for redistribution, with approximately two-thirds of all farm families affected and one-third of all farm land redistributed.

A similar evaluation of the land reform program in Taiwan concluded that the land reform program was associated with rapid gains in agricultural productivity, although it also points out

that there were a number of factors apart from the land reform program which contributed to this. The adoption of new technologies and large investments in rural infrastructure were of critical importance, as well as a high level of political commitment. In addition, the evaluation cites the importance of the Joint Commission on Rural Reconstruction whose "special character as a joint, autonomous, semi-independent organization was unconventional when compared with other governmental agencies." Finally, the evaluation notes that the cost of the entire program cannot be estimated easily because there was no clear, separate allocation for the land reform program.

#### Major A.I.D.-Supported Programs

In terms of scale, the "Land to the Tiller" (LTTT) program in Vietnam and the present program in El Salvador dwarf other A.I.D. land reform projects. These are also the only two countries where A.I.D. has become directly involved in compensation to landlords (although the \$50 million allocated to compensation in El Salvador has not been spent).

In Vietnam, while no U.S. funds were directly earmarked for compensation, U.S. assistance represented about 55 percent of the GVN budget and A.I.D. recognized that <sup>the</sup> ~~the~~ <sup>amount contained</sup> ~~and~~ PL 480 <sup>money</sup> would be used to pay landlords. If LTTT had proceeded to completion, the program would have cost over \$537 million in compensation



payments alone. While studies indicated that Vietnamese farmers were willing to pay for land, the GVN and A.I.D. felt constrained to implement a free distribution program to counter the Vietcong's "free land" policy. As of 1973, the program appeared largely on track, although it was hindered by the lack of clear titles, cadastral surveys and support from local officials. U.S. advisors played a major role in the design and implementation of LTTT, and in fact were reported to have played a dominant role in management and problem solving.

In El Salvador, A.I.D. has spent over \$200 million on the Agrarian Reform program since 1980. Phase I, the conversion of large private farms into cooperatives is nearing completion, and Phase III, involving the expropriation and sale of land to renters is proceeding more slowly. Institutional weaknesses among Salvadoran implementing institutions and security problems have been major contributing factors in the slow progress to date. A 1984 RIG report questioned the financial viability of the Phase I cooperatives, and notes that their survival depended on continued financial assistance.

A.I.D.'s contribution to the El Salvador program has consisted of institutional support for implementing organizations and over \$85 million in credit for the "reform sector." A recent evaluation of the credit component judged it a "qualified success" but noted that the credit demands of the reform sector

are straining the capacity of the implementing organization. The same evaluation was skeptical that "lessons learned" from the El Salvador experience would be relevant to other A.I.D. projects due to the extraordinary environment of political violence.

#### Free Market Land Transfer

In Latin America, A.I.D. has undertaken a number of small-scale pilot projects to utilize private market land sales to redistribute land holdings. Land sale guaranty programs were carried out in Costa Rica and Ecuador between 1970 and 1975, - which provided a guaranty of payment to private sellers and credit/technical assistance packages to small farmers. The projects had only a limited impact. A.I.D. regulations which prevented disbursement of guaranty funds until there was an actual call on the guaranty almost completely derailed the original project plans. Most funds were diverted to credit which supported reform sector cooperatives. In addition to defects in the guaranty mechanism, the projects also suffered from inadequate information on the effective supply and demand for land in the two countries.

A more recent small-scale land purchase and sale program in Guatemala, to which A.I.D. has provided technical assistance and production credit, is seen as much more successful.

#### Land Mapping and Titling

A.I.D. has provided technical assistance to cadastral survey work and land titling operations in numerous countries in Latin America and Asia. Probably the majority of these projects were not explicitly linked to land reform, although pre-reform cadastral work has proven to be very important in several cases, and titling programs have sometimes followed redistribution (Bolivia) to consolidate and secure reform gains.

On the whole, land mapping and titling projects are more technical and less political in nature, and have not experienced any unique problems in implementation. The Bolivia Land Titling project (circa 1971), utilizing mobile teams of agrarian judges and topographers was judged to be particularly effective by evaluators, who recommended the mobile units as a model for similar projects in the future.

The recent (1979-83) Land Mapping and Titling project in Indonesia is one of the few conspicuous failures in this area. Problems including unresponsive contractors, faulty project assumptions regarding the need for the project and expected benefits, and failure to reach agreement with the GOI on basic project goals led to project termination in 1983.

The Honduras National Cadaster Program (1974-80) was a complete success on technical grounds but achieved no project goals

because the GOH never implemented the title legislation and property tax legislation (both conditions precedent) necessary to realize project benefits.

The overestimation of expected benefits raised by the Indonesia project could be extended to similar projects that did not experience major lapses in implementation. Many titling projects expect benefits to be seen in the form of greater access to credit and a higher propensity to invest in land improvements on the part of farmers. A.I.D. has little information on whether in fact this actually occurs as such issues of long-range impacts are seldom addressed in A.I.D. project evaluations.

#### Resettlement

A.I.D. supported major resettlement programs in Bolivia, Costa Rica, and Guatemala, providing technical assistance and credit to settlers. On balance, such projects were judged to be mostly successful, but expensive and difficult to implement. The need for comprehensive support services to new landowners common to all agrarian reform efforts is complicated by the need to provide basic infrastructure. Evaluations also stressed the need to evaluate farming conditions in new areas before settlement.

#### AID's Experience with Latin American Reforms

A.I.D.'s major recent experience with land reform and land tenure

has been in Latin America. Four types of activities have been supported:

- Redistributive land reform in El Salvador
- Land purchase and sale program in Guatemala
- Resettlement project in Costa Rica
- Cadastral surveys and land titling in St. Lucia, Costa Rica, Ecuador, and Honduras

Redistributive land reform in El Salvador has been the largest, most complex effort. The GOES program has consisted of two "phases": Phase I is conversion of large, private farms into group farming schemes, with 31,359 worker-members of the "production cooperatives." Although Phase II has not yet been implemented, Phase III is the conversion of some 52,000 sharecroppers into owner-operators of small farms. In 1980, when it began, the El Salvador reform met a political imperative, and has helped to contain the insurgency. However, progress in implementing the reform has been impeded by a number of problems, including insufficient study of the pre-reform land tenure situation, particularly land fragmentation and distribution; conflicts between the principles of worker and governmental control in managing the production cooperatives; delays in land

titling which led to investment uncertainty and contributed to political violence; and administrative weaknesses inside the GOES institutions responsible for implementing the reform. A.I.D. has supported the El Salvador land reform primarily through over \$200 million in credit and institutional support. The \$50 million in funding for compensation to former landowners provided in the 1985 Act has not been disbursed due to weak administration of the Duarte government.

The land purchase and sale program in Guatemala, which operates on a free market basis, has benefited 425 families, each of which has received about six acres of land. A.I.D. has contributed technical assistance and production credit to the land reform beneficiaries. The Committee on Appropriations report for Foreign Assistance in FY 87 (the Kasten committee report dated Sept. 16, 1986) encourages A.I.D. to use \$5 million to support the Guatemala Land Purchase Programs. The program is considered a major success given Guatemala's highly conservative society.

The cadastral survey and titling work has laid the basis for a market system in land.

The resettlement project in Costa Rica is in its final phase. The cost per beneficiary of this project is considered to be high.

A major difference between the reforms in El Salvador and

Guatemala, and the proposed reform in the Philippines, is the market for the commodities being produced. For example, in the Phase I reform in El Salvador, commercial tree and horticultural export crops are widely produced. The Filipino reform is to be limited to corn and rice land. Poor marketing prospects for these commodities will reduce the viability of the land reform farms. As already noted, the A.I.D.'s internal guidance paper on redistributive land reform emphasizes the need to examine complementary agricultural policies.

#### A.I.D. Support for Philippines

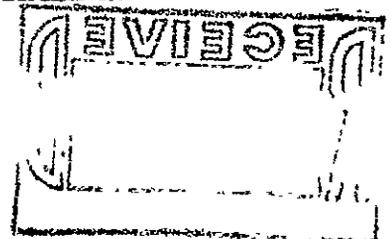
A.I.D. involvement in Philippine land reform has spanned over 27 years, but its influence at any point in time has been marginal at best. U.S. interest in Philippine land reform dates to 1950, when the Bell Mission, sent to the Philippines to study the conditions under which the GOP had been brought to the brink of overthrow by armed rebellion, recommended along with tax and financial reforms, a program of land reform. A.I.D.'s direct role in land reform was limited to advice and encouragement to the Magsaysay administration. The Magsaysay plan failed, due both to crippling amendments to the legislation added by landlords and to the lack of supporting technical services to new farmer/landowners. From the beginning, A.I.D. advisors attempted to draw official attention to the economic issues of efficiency and productivity in land reform as opposed to its political

impact. The 1970 Spring Review commented -- "On the whole, such influence in the absence of financial commitments, which it seemed imprudent to offer, was ineffective."

A.I.D. involvement picked up from 1963 to 1965 in support of a more comprehensive Land Reform Proclamation under President Macapagal. Support was limited to advice, technical assistance in land mapping and limited amounts of reform sector credit. A.I.D. once again distanced itself from the program in 1965 as it became more politicized and GOP financial support was reduced.

Following the 1972 Presidential Decree on land reform, A.I.D. provided US \$2.4 million to upgrade the effectiveness of the Ministry of Agrarian Reform from 1972-78. While that contribution represented only 2 percent of the total land reform program and was limited to pilot activities in four provinces, evaluations concluded that the project was relatively successful as judged against the project's stated goals. However, the project's overall impact on the land reform program was negligible. A 1977 A.I.D.-supported seminar on Philippine land reform concluded that the program was failing, primarily due to the lack of political will under the Marcos government. Indeed, GOP support for land reform apparently evaporated shortly after the issuance of PD 27, after the program met with unexpected opposition from small landlords.

*Presidential Decree*



Clearances: