

## TRADABLE GRAZING RIGHTS – ONE WAY TO APPROACH COMMUNAL TENURE OF GRAZING

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### Introduction

Rangelands in the communal areas of Zimbabwe are characterized by a lack of well-defined and exclusive property rights in grazing resource use. The most problematic common property conditions that are missing are: communally defined guidelines for resource use, exclusion mechanisms, and enforcement mechanisms. These result in negative externalities and degradation of grazing lands.

These distortions can be reduced by redefining property rights and then establishing a market in grazing rights. Establishing a system of tradable grazing rights (TGR) is likely to enhance the ability of the regulators of grazing resource use to manage the rangelands better. More importantly it is able to improve equity within rural areas and will provide incentives to maintain and improve the pastures.

Tradable grazing rights delineate right of access to the communal grazing area to a specified number of people (e.g. all the households in a village) and for a specified number of animals. Who has access, how entry and exit is achieved and the number and duration of these rights are all specific to regional circumstances. General guidelines that may be useful in initiating the implementing process are outlined below.

### Development of a legislative framework

Given that it may be difficult to reach a solution that is agreeable to most parties, first it is important to build support for the passage of legislation establishing TGR. A draft TGR law can be established based on experience from implementing tradable pollution permits. An intensive awareness campaign and debate in a few initial target areas will help ensure that the final design and implementation of the legal framework is done in a transparent and participatory manner.

The process of establishing property rights over grazing right permits should spell out the legal rights which allow effective recourse to the legal system if the physical rights are violated. The establishment of grazing rights will need to determine how grazing permits are defined and exchanged. The design and implementation of the legislation should pay particular attention to the initial allocation of grazing rights, and the creation and maintenance of a grazing rights registry. Preparing the draft versions of the law with a willingness to accommodate reaction will be critical to success. Farmers will have to be convinced that their concerns have been considered and dealt with adequately.

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<sup>1</sup> Based on Guveya, E. 2004. A Socio-Economic Analysis of the Potential of using Tradable Grazing Rights for Grazing Resource Management in Zimbabwe's Communal Areas. PhD Thesis submitted to the Dept. of Agric. Economics and Extension, University of Zimbabwe

To ensure that farmers will identify with the new grazing policy, and that the policy conforms to reality on the ground, the policy makers will need to work closely with local authorities – the district councils and the chiefs. If the authority system is weak, becomes rent seeking or breaks down, then resources cannot be managed sustainably and any property regime can degenerate into open access. Hence institutional and administrative structures that can easily adapt to the rapidly changing political and economic environments are needed to manage common pool resources in the communal areas. There is need for clarification of who the responsible authority for land administration is.

### **Issues on the initial allocation of grazing rights**

There are several issues related to the initial allocation of TGR. The key characteristic of formal secure tradable grazing rights is that the rights are independent of land and can be traded separately from land within a legal and institutional framework. The market for grazing rights can be set up by (1) grand-fathering, (2) holding an auction, (3) allocation of grazing rights proportional to current cattle holdings, and (4) the prior appropriation doctrine: only those who already have livestock prior to the implementation of TGR obtain primary rights to grazing resources. Successive claimants can only obtain rights that are contingent on those with prior rights having received their allocations.

A grand-fathering system can ensure that all those living in the community receive equal access to rights whether or not they own cattle thus ensuring equal benefit to all community members regardless of cattle ownership. But it discriminates against new entrants to the market, so it can be deemed unfair to new entrants, however, it does lead to greater equity with existing members of the community. With an auction system, the herders have to pay the auction price for their first allocation of permits; this represents a financial burden on the herders, particularly the poor, equal to the burden under a tax system, affecting their competitiveness. However, it would not affect the poorest who are without cattle and the revenue raised can be used to invest in grazing resources and meeting the administrative costs of implementing tradable grazing rights. With the proportional allocation and prior rights systems, non-cattle owners would not directly benefit from grazing resource control using TGR and this would be highly regressive.

### **Collective action in grazing control at the community level**

To receive the full benefits of grazing control, the decision cannot be made on a household basis, it has to be made at the level of the community, as the benefits of improved grazing can only be achieved if the stocking rates of the communal grazing lands are reduced. There is therefore need to establish community grazing associations who will be responsible for the community-wide management of grazing resources. First, it is easier for the grazing association rather than the Government to verify stock ownership and any innovation resulting in dynamic efficiency in grazing provision by individual farmers. Second, it leads to titling many users simultaneously, if titling occurs. This block titling of grazing rights reduces unit titling costs and helps resolve conflicts.

Community representatives will need to be elected for the operation of grazing associations. It is important to ensure that elections for the officials of the grazing associations are conducted in a transparent and fair manner so that if members of the association are dissatisfied with the way it is run, they can remove the officials that are not performing satisfactorily.

### **Long term security of rights and the creditworthiness of smallholder farmers**

If the system of TGR is soundly implemented, and access to grazing rights is long-term and not short-term, theoretically farmers would benefit from having more secure grazing rights even if they do not own cattle. Secure grazing rights give farmers the confidence that they will receive the return generated by their investment (e.g. practicing zero grazing due to purchase of feeds or fodder production). These rights can be leased to other farmers within or outside their community and for their own cattle. The improved pastures make the rights more valuable.

The grazing rights, if legally recognized, can be viewed as an asset that can be used as collateral for loans at the banks by small-holder farmers. Assuming that there are substantial grazing rights per household with a good price, the grazing rights would be particularly beneficial to the small herd farmers who have few or no other sources of collateral. And because of their divisibility, grazing rights could also give the smallholder farmers the possibility of mortgaging only part of their grazing rights for loans in place of other assets.

### **Monitoring and enforcement**

Since the proposed system of TGR involves some degree of control on grazing pressure through possible de-stocking, there is need for rigorous monitoring and enforcement since cheating by continuing to graze supposedly de-stocked cattle might be highly profitable as other households reduce on their cattle numbers. The ideal and cost-effective system would be for the range users or local communities themselves to be responsible for the monitoring enforcement providing they have mechanisms for redress and, provided further, that they are able to perceive rangeland management regulations to be in their long-term interest.