



Some Aspects on Land Title Market and Rural Economic Development in Mozambique

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November 2001

Introduction

The aim of this paper is to present an overview of the process of land title market and its impact on rural development, particularly in agriculture sector. Mozambique is an agriculture-based economy country, agriculture contributes with 40% of the National Gross Product (PIB) and play a very important role on food security. In addition near 75% of the population living in rural area and lay basically on agriculture, as the main source of labor and income.

With the Rehabilitation Economic Program (PRE) launched in 1987, Mozambique witnessed the transition to market economy, which was consolidate with the peace agreement of 1992. The agrarian reform and New Land Law (NLL) were set up about 1995 and 1997 respectively, and led to a set of changes on economic dynamics with the introduction of smallholder model and stimulation of private sector on agriculture activities (Wut 2001). This process has greatly influenced rural development in general, and stimulated new investments in agriculture and, as result the land demand

in rural areas raise up greatly bringing up a new dynamic on land market in the country.

The NLL state that the main objective of its implementation is was to guaranty the access and land tenure both for Mozambican and foreigners. This Law define that “land within the country, is a state property and cannot be sold, or in other way aliened, mortgaged or pawned, so that national citizen, individuals groups, man and women, local community and foreigners can obtain the *rights of land use* individually or in co-title”.

However, this law does not create a legal framework constituted on the principle of private property and free land market as some donors desired. However it should be recognized that the NLL, in contrast to the one replaced from 1979, gives back more authority and autonomy to private investor as well as local communities. This law provides potential safeguards for rural smallholders by being more explicit than the older one in granting land use rights through occupancy, as well as by requiring local community to participate in the formal land title process (Scott, 1997).

Although, land access is free, there is ongoing process of cash land transaction in the country, which involves people from the community, individuals “sellers” and the interested group of “buyers” of land rights or titles and the arising questions are: 1) how do community has been negotiating their land? 2) what are the implications of this process both for the “sellers” and “buyers” and for government as well?

To grasp this issue, the present paper discusses in the first place the modes of land acquisition in rural areas as well as the process of deed registration. The study outlines the different ways of land acquisitions based on new land law and some field experience in rural areas. Secondly it seeks to understand the process of land market and the prices dynamics including the implication for community. Finally discusses the issues related to irrigated agriculture activity with focus to people who had bought land.

Modes of Land Acquisition and Registration Process

There are five types of land acquisition that can be identified in rural areas which include acquisition by:

i) *Occupation through customary authorities*, in rural areas or due to factors like soil degradation, civil war and floods people had to move from one place to another more secure and suitable for agriculture, and they have been allocated land directly by customary authority (*Regulos*). The customary authority were recognized by the NLL, with its function of allocating land and conflict resolution.

ii) *Heritage*, consist on acquisition of land by parents.

iii) *formal occupation*, through authorization presented by individuals or groups to government. These case has to do when someone identify land which is free. Thus, that person can apply for it formally.

iv) *occupation*, when individuals, or group of individuals which have been utilizing land for at least 10 years in good faith and For the same reason mentioned above, there are cases where people occasionally occupied free land and they have been using that land more than 10 years

v) *market* Land can be acquired through market which include the acquisition by buying land rights or titles, rent out or borrowing.

In district of Boane, Massaca village, Boane headquarters and Matola Rio most of the population interviewed occupied the land during civil war because this area was more secure. Nevertheless most of them were allocated by parties secretaries and others occupied expontaneously, land which were considered as marginal.

Most of those people have got plot for habitation and some of them have got another plot in irrigation schemes or near the river, where they develop agriculture activity as the main source of income. The size of those land varies from 1 to 2 ha average.

There are also many farmers who have got their land from local community, through cash transaction. In irrigation schemes, which are managed by community, land rights are also negotiated. Farmers use to sell their land rights, rent or borrow it, however the basic condition is that, the buyer has to pay water bills each month otherwise the land can be confiscated by management committee, given fact that land is titled for association. Very often small farmers, members of the association fail to pay the water fees, therefore in order to avoid problems, they rent or sell their land rights. The renter or buyer is supposed to cover the debts of the owner, pay water fees, then he/she obtain rights to exploit it.

There are cases of people who have more than one plot land in different places and because of financial constraints, they are not able to manage it, therefore they decide to borrow it their relatives or friends.

Land registration and titling process

Authorization process

The National Directorate for Geography and Cadastre (DINAGECA) is institution responsible for land management as part of Ministry of Agriculture and Rural Development. Very recently they have revised the process of land registration and titling in order to simplify.

For the authorization process, the applicant acquires an occupation form (Formulario), indicating the proposal of use of that land through presentations of exploitation plan (plano de exploração). Then the a local committee from appointed by district direction of DINAGECA, recognize the plot, make a map and descriptive report of all assets within the plot, including the existing natural recourses. At this stage the district

office also develops a community consultation. The objective of this community consultation is to ensure that land is not occupied by anybody.

If the community reacts negatively than the process can be canceled, and if they react positively, then is drawn up a sketch and an edictal is fixed during 30 days. Later all documents are organized for final handling.

The final provisional and definitive authorization of land use rights is given by Provincial Cadastral Directorate (DPADR) if the land has an area less than 1000ha, or by DINAGECA if area is between 1001 and 10 000ha other wise by Ministry Council if the land has an area more than 10 000 ha. Initially is provided provisional permission and later the land title, with time limit 50 years renewable. For all those process the applicant has to pay some fees and it depend on the location, size of the land and the purpose of land use.

In Maputo Province up to day only 3364 were registered from 1987 to 2001¹, that number include the individuals groups, collective groups and private companies and less than 5% are female. The number of farmers families in this province is about 123 030, and its clear that in rural areas most farmers are not registered. Nevertheless those who have registered are from urban areas and private sector. However most of those who have registered their land still do not have title.

Registration Cost

The registration and titling process implies a very high investment from the government. Thus the process of land registration seems to be also costly both for the government and land acquires. That fact is one of the reason which people are becoming reluctant to register their land. On the other side the procedure of registration process is still complicated and bureaucratic. Also people in rural areas are not informed or understand about the registration system.

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The Land campaign

As mentioned before in rural areas many people is still not informed about NLL. This means that there is a need of continuing process of information and dissemination explanatory of the new land law, land registration, titling and its importance.

Rural Land Use Plan

One of the most important aspects is the need of well structured Rural Land-Use Plan (RLUP) in the country. The RLUP would allow to better understanding the tenure position of the different stakeholders at local level by drawing up and safeguarding them through formal recognition made through their registration. In order to achieve it, it will be necessary the participation of local people and take into account the actual practice in relation the local people.

Land market process and prices dynamics.

As mentioned before, currently the pressure to the land in rural areas has been increasing greatly. As consequence the land market gain a new dynamic given the fact that in some potential zones in the country, land is becoming scare and expensive.

People mostly from the cities are moving to the rural area with the objective of investing in agriculture and build up “quintas” a sort of lodges in its primary stage. The quintas have a small size (0.5-4ha) sometime more, and they produce vegetables fruits and *small animals*, and those products are used for consumption and the surplus are sold in urban areas. The implantation of quintas have implications on the rural plan related with the development of small urban centers within the rural areas.

Why people sell their land?

Usually people sell their land rights, when they have more than one plot and do not have resources to exploit it, or they think to change from living place to another, or are facing problems in their life and they are supposed to solve them urgently; or get difficulties to develop agriculture mainly in irrigation schemes.

“Mariana Jonasse 36 old said that she has 4 children, and she is divorced, she works in company as cleaner and earns very little money. Her house suffered from the last rains and her child has started to study at primary school. She has small machamba² near the river where she get some food, but this year she was fearing that she will not get anything because is not raining and she have a lot of debts. Therefore she decided to sell her land got cash of 20 000 000, 00 Mts³. Now she rehabilitated her house and could paid the debts”.

Seems that the prices of land vary greatly according with quality of land, location near or not from the river, or if its in area with higher population density where land is exhausted, size of land, and the existing infrastructures within the plot.

“Mr. Andrade lives in Maputo city, he is a public servant, he said that bought his land of 5ha from one family in 1997. He paid 50 000 000,00 Mts and he is doing agriculture, he grows cabbage and sell it to the city. He said that he earns enough money”.

There is no any formal criteria to estimate the price of selling land, however its increasing significantly with time.

“Mr. Gerónimo is a businessman who said that he bough land in Matola Rio and paid 19 000 000, 00 Mts in 1997 for 2 ha, and now he said that he can sell the land about 70 000 000, 00 Mts without a lot of discussions.”

² Machamba are an area where people cultivate crops.

³ 1USD is equivalent to 22 000,00 Mts

People just fix the prices according with specific situation apart of those factors considered before, they take in consideration of their needs or problems to be solved at that moment, the scarcity within the area, making up the opportunity cost of land.

What should be clear is that land cannot be sold according with Land law in Mozambique. In this stage people just sell their land use rights or titles. Most of those people who the buy land are not local, but mostly from the cities including foreigners coming from neighboring countries with objective of investing in agriculture mainly from (South Africa and Zimbabwe). There are very few situations where people sell titles of land, use considering that very few people have got it. But in the near future this process will become more dynamic.

Irrigated agriculture problems

Lack of credit

The banks in country do not provide agrarian credit if so is very law, nevertheless the demand is very higher. Thus the farmer cannot get loans which, they could use to support the input cost, for fertilizer, tractor rents, pesticides, seeds and establish an irrigation scheme if there is a need. This is very a complex problem if considered that the solution for this will involve different agencies and adequate measures and policies, so that could guaranty of return fund. Those measures should include, a choice of appropriated crop, consideration of agro-ecological area in order to minimize losses, a cost-benefit analysis should be done in advance and the need of effective monitoring system, during the production process.

Lack of market Rural Infrastructures

In rural areas the farmers face many problems deliver their products. The roads, if exit, in many cases are not in good conditions and there is no connection to railways.

They also face problems keep their products and lack of power this problems increase the losses production.

High costs of agriculture inputs

The costs of agriculture inputs compare with neighboring countries are very higher and most farmers cannot afford it for production of large areas. Apart of labour, the pesticides, fertilizers, seeds are very expensive including the prices to rent a tractor, and this contribute for very low income of the farmers given fact that the technology is not the best.

“Liria (1999), has developed a study about the Analyze of comparative economic advantage of tomatoes and beans has shown that the cost of production of tomatoes is total about 6. 684.855 Mts and the revenue is 12 500 000,00 therefore the net benefit is 5 815.145, 00 Mts and for cost production of beans is about 4.870.800 Mts/ha and the revenue is 8500 000 Mts therefore the net benefit is about 3 629 200 Mts.”

This study shows that the production of both crops is profitable, in addition tomatoes has comparative economic advantage than beans. The studies demonstrated that for the production of tomatoes the farmer pay more for the spend 54,6% for inputs such as fertilizer pesticides and seeds of all production costs including the percentage for soil preparation and tendering the culture.

“ Banguine (2000), developed study about the feasibility study of production of ion and cabbage in Massaca and shown that the total cost for production of cabbage is 4 475 846, 00 Mts and the revenue is 12 187 500, therefore the net benefit is about 7 711 654, 00 Mts for ions the cost of production is about 5 572 742, 00 Mts and revenue is 17 185 500, 00 Mts therefore the revenue is 11 614 758,00 Mts/ha.”

This study shows that the production of both cultures are profitable but onion is more profitable than cabbage. With improvements of technology, the profit would be more. However to develop agriculture in Mozambique, is necessary to much money for inputs and small farmer, even from private sector hardly can afford it, and if they can they get very tangible profit. As an example in Boane district, we can see a very

extended areas where before people were developing agriculture before but now they abandoned. A comparative study of the agriculture production between Mozambique and neighboring countries is needed.

Water Bills

Recent studies done in Massaca and Mafuiane irrigations schemes, reveals that the water bills in irrigations schemes are very expensive both for association and small farmers. Those irrigations schemes buy water from a Water Authority, however the price is already subsidised. Nevertheless the association is supposed to pump water from the river to reservoir at irrigation schemes and later deliver it to the users. They do it using power electricity, which is very expensive and many times the associations can not afford it.

Final remarks

As mentioned before with peace agreement and economic reform led to high interest to invest on agriculture. Therefore the demand of land is growing and in some regions land are becoming scarce and expensive. In addition this led to change on land market in the country specially in rural areas and many of people still do not have registered their land if so, there are very few of them with have title. This means that we are in initial stage of land title market, but will become more intensive and dynamic in near future, considering that currently people are becoming aware of the need to register their land, and the demand is increasing.

The process of buying land rights should be accomplished with the valorization of the same rights or title and its very important to identify mechanisms which can allow local community have mutual beneficial partnership with investors

For those who bought land rights still fill problems related with lack of conditions to develop the agriculture activity mainly because of lack agrarian credits and higher input costs. Still there the need to design an effeciente policies in order to improve agriculture productivity and income.

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