

**INFORMAL LAND MARKETS IN RURAL
MOZAMBIQUE:
The Case of Mogovolas District in Nampula Province**

Tomás Manhicane Júnior

A thesis submitted in partial fulfillment of the requirements for the degree of Masters
Philosophy in Land and Agrarian Studies

UNIVERSITY of the
WESTERN CAPE

FACULTY OF ECONOMIC AND MANAGEMENT SCIENCES

THE UNIVERSITY OF THE WESTERN CAPE



November, 2008

DECLARATION

I declare that “Informal Land Markets in Rural Mozambique” is my own work, that all other sources used or quoted have been indicated and acknowledged by means of complete references and that this thesis has not been submitted for a degree at another university.

Tomas Manhicane Junior

November 2008

Signature

Supervisors: Doctor Edward Lahiff and David Neves (University of the Western Cape, South Africa)



ACKNOWLEDGMENTS

This study would not have been possible without the contributions of the following institutions and people:

Faculty of Economics and Management Sciences, School of Government and Institute of Poverty, Land and Agrarian Studies.

I would like to thank my supervisors, Edward Lahiff and David Neves, for their attention and guidance.

Cruzeiro do Sul Research Institute for Development- José Negrão and his team of researchers.

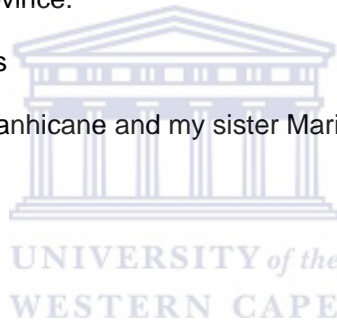
Ministry of Agriculture.

Ministry of Plan and Development

Government of Nampula province.

National Institute of Statistics

My wife Sonia, my Father Manhicane and my sister Marilu, for their support and love.



Key words: Land economics, informal land markets, rural poverty, rural economy, land administration, rural development, land use, agrarian reform, Mozambique, customary systems, land markets.

ABSTRACT

The challenge of alleviating poverty, especially of the rural poor, is a universal one. Mozambique is also faced with this challenge as well the challenge of redressing the inequality exacerbated by civil war. Among the many strategies suggested for addressing poverty is improving poor people's access to land. In Mozambique, all land is owned by the state, yet informal land markets do exist. A theoretical review of the models on informal markets in developing countries reveals that economy of rural family depend greatly on land resources, and that often formalisation of land markets leads to land concentration and speculation rather than to the promotion of economic development.

The overall objective of the study was to analyse the economic, institutional and social dynamics and determinants of informal land markets in rural Mozambique and how they impact on the livelihoods of poor people. Due to the largely unexplored nature of the topic, this study is exploratory and descriptive in nature. Research methods included a combination of quantitative and qualitative methods. To achieve these objectives, a strategy comprising two approaches was used. Firstly, a theoretical review was undertaken, to discuss both international and African debate on informal land markets models with regard to different views on Mozambican informal land markets. This theoretical review also covered the political economy of land in Mozambique. Secondly, empirical evidence was systematized in the form of a case study of the perceptions of determinants on informal land markets that was undertaken in Mogovolas district.

The lack of clear policy regarding the informal land market in Mozambique produced a complex range of problems, between local people, between locals and new investors, between new investors, and between all these groups and the state. The large majority of smaller localised conflicts were, and continue to be, resolved by traditional authorities and local social-control mechanisms. Conflicts between local people and investors have proved much more complex. The role of the state has been unclear from the start and the state is still dysfunctional due to a lack of transparency, inefficiency, and corruption in management of land.

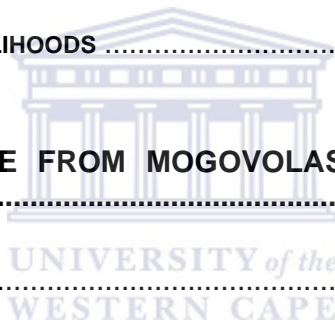
The dynamics of informal markets in rural Mogovolas are determined by demand factors and supply factors. These factors can be exogenous when buyers or sellers are motivated by outside reasons to pursue informal land markets, for example, migrations, demand from foreigners or people from the cities, and the development of cash crops such as cashew nuts and cotton. Endogenous factors are when buyers or sellers are motivated by inside reasons to pursue informal land-market paths, for example, population growth, illness, discovery of gold and semi-precious mineral mines, forestry exploitation, an urgent need for money and increased desire for land, motivated by productive or economic needs.



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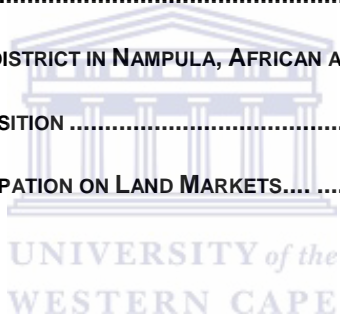
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LIST OF ACRONYMS¹

AF	Households
WB	World Bank
BM	Bank of Mozambique
CFMP	Mid-Term Fiscal Scenario
CGE	State General Account.
CINSFLU	Census to non - lucrative institutions
CPA	Agriculture Promotion Centre
CS-IID-JN	Cruzeiro do Sul – Institute of Investigation for Development – José Negrão
CTA	Economic Association Confederation
ECA	Strategy of Agricultural Commercialization
EDR	Strategy of Rural Development
FARE	Fund of Economic Rehabilitation Support
FMI	International Monetary Fund
FRELIMO	Mozambique Liberation Front
G20	The group of 20 from the Poverty Observatory of Mozambique.
GoM	The Government of Mozambique
HIV	Humane immunodeficiency Virus
IAF	Inquiry to the Households
IAM	Mozambique Cotton Institute
IDH	Index of Human Development
IIAM	Institute of Agrarian Investigation of Mozambique
IMFs	Micro Financial Institutions
INE	National Institute of Statistics
IPH	Index of Human Poverty
MF	Ministry of Finance
MINAG	Ministry of Agriculture
MPD	Ministry of Planning and Development
NEPAD	New Partnership for the Development of Africa
ODM	Millennium Development Goals
OE	State Budget
OMM	Mozambican Women Organization
ONG	Non – Government Organization
OPP	Provincial Poverty Observatory
OSCs	Organization of Civil Society
PAE	Programmes of Structural Adjustment
PARPA	Action Plan for the Reduction of Extreme Poverty
PES	Economic and Social Plan
PESOD	Economic and Social Plan and District Budget.
PESOE	Economic and Social Plan and State Budget.
PIB	Internal Gross Product
PMMEs	Small, Medium and Micro Enterprises
UNDP	United Nations Development Programme
PPFD	Programme of District Planning
PQG	Government Five-Year Plan
PROAGRI	National Programme of Agricultural Development
RAP	Annual Poverty Report
SADC	Southern African Development Community
SC	Civil Society

¹ The acronyms are in Portuguese.

CHAPTER 1: INTRODUCTION

1.1. Context

In Africa, informal land markets were not seen as an important issue in the immediate post-Second World War period, with the exception of Kenya and Algeria, which had already started land reform. Settler colonial states remained intact, and the large peasant movements organised around the land question were not effective. It was not until the 1980s and 1990s, with the declining of settler colonialism and the achievement of independence for Zimbabwe, Namibia, Mozambique, Angola and South Africa that land markets came onto the policy agenda in Africa (Moyo, 2000).

However, from the early 1980s, neo-liberal economic theories began to dominate development policies, and this led to an attempt to revise the land question in terms of formalising land markets and replacing informal land markets in African countries (Amanor & Diderutuah, 2001).

The question of land markets is particularly important in Mozambique, where land sales are officially prohibited² by the new constitution and where land leases were prohibited by the former FRELIMO Marxist government until 1994. Since the middle of the 1980s, it was recognised that the state was not efficient in the allocation of land, labour, and capital and, therefore, market forces had a role to play. However, this process is very complex because the constitution (in Art. 46) determines that land cannot be sold or in any other way transferred.

After the peace agreement 1992, civil society started criticising the state for the ineffective implementation of the law and the lack of attention given to the economic dimensions of the constitution. These facts led to a rising number of communal land annexations through state and informal land transactions. This privileged the so-called private farmers who may have never actually worked on the land. These people mainly represented political and economic interest groups that had access to the required documentation and who claimed the best land, but in practice often did not invest in it (Tanner, 2002).

² Land was not distributed to the rural families, but they could have 0.5 hectare of irrigated land and 1 hectare of dry land per family member (Bonate, 2003).

Besides the informal land markets, there are two main systems by which someone can gain access to land in Mozambique, namely, the statutory and customary laws. The land law and its regulations regulate the rights and access to land and other natural resources. On the other hand, the law also recognises the customary system of rights to land and other natural resources. In general, the private sector uses the statutory system to gain access and rights to land, and the family sector utilises the customary law. Although past laws from the colonial period through the period after independence tended to be supportive of the statutory system, the 1997 Land Law attributes large importance to the customary law (community tenure rights).

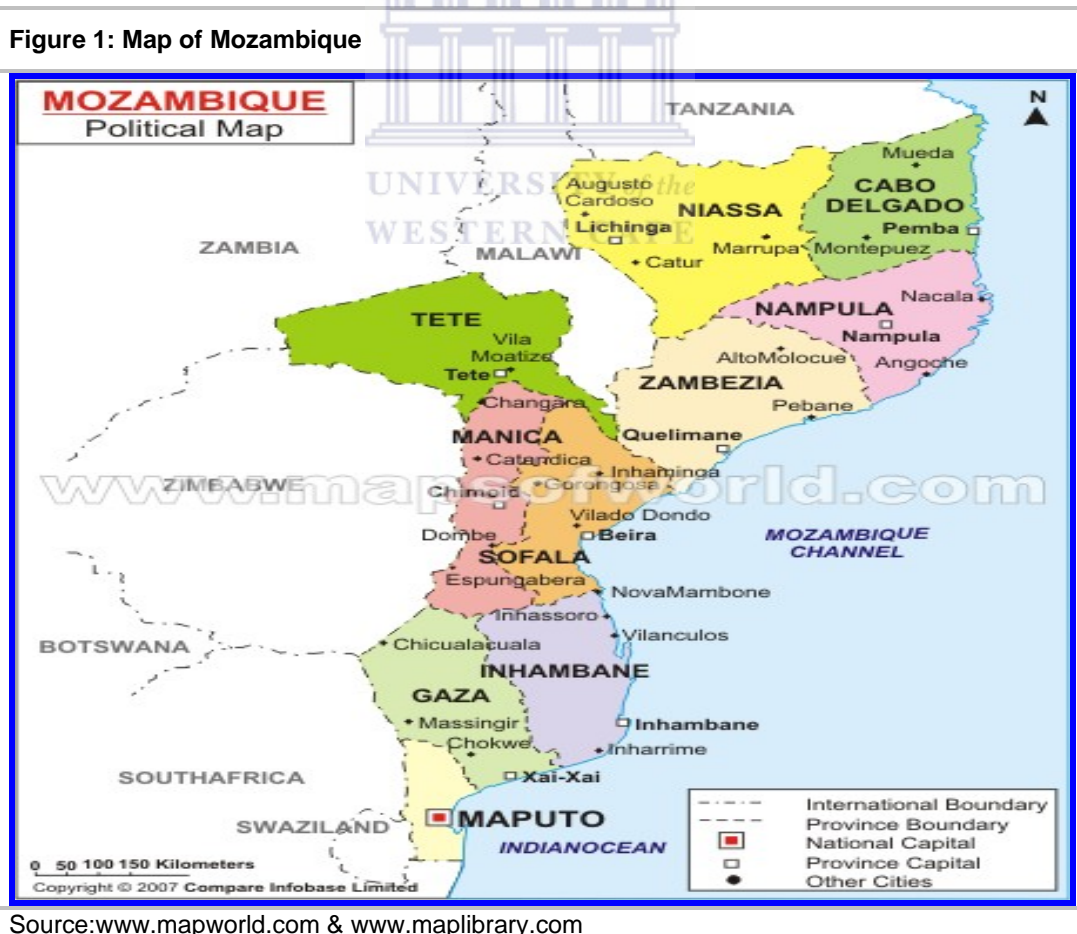
The land policy and laws do not allow land markets within customary systems. However they do recognise customary rights over land, including the system of transmission³ and inheritance and the role of local leaders in the administration and management of land and in the prevention and resolution of conflicts. The 1997 Land Law imposed consultation and dialogue with communities as part of any process of new investments, with the communities being allowed to enter into the process as partners, sharing or participating in the profits and other benefits resulting from the investment (Quadros, 2004).

Debates around informal land markets in Mozambique is characterised by four different views: the legalist view, the pro-market view, the social view and the gradualist view. The legalist view defends the strict interpretation of the constitution and the application of the land law, which prohibits informal land markets. The pro-market view criticises the legalist view, based on evidence of the existence of informal land markets and international experiences, and argues in favour of land market formalisation. Critics of the pro-market position argue that seeking legal protection for the informal land markets is a necessary but insufficient measure to eradicate poverty, because the paths for promoting equity and investments are more complex and involve risks as well as other benefits. The gradualist view criticises the radicalism of the legalist view, the pro-market view and the social view and suggests a systemic approach for informal land markets and incremental introduction of formal market mechanisms combined with the principles of the above three views.

³ The State gave to national or foreign citizens the right of use or benefit of land through title deeds.

1.2. Brief Background on Mozambique

Mozambique is located in the south-eastern part of Africa. It is bounded by South Africa and Swaziland on the south and south-western perimeters; Zimbabwe and Zambia on the western perimeter; Malawi on the north-western perimeter; Tanzania in the north; and the Indian Ocean in the east. Mozambique has a coastline length of 2,515 km from the Rovuma River in the north to the Maputo river in the south (Ponta do Ouro). It has an area of 799,380 km² and a human population of more than 18,000,000 inhabitants (INE, 2004). The country's official language is Portuguese. Mozambique became independent on the 25th of June, 1975. However, Mozambique experienced 16 years of civil war (1976–1991), between the then opposition political party RENAMO and the FRELIMO regime (Nhancale, 2007).



1.3. Economic Development, Rural Poverty, Agriculture and Livelihoods

Eradicating global poverty has become the international community's main development goal. The main objective of the Millennium Development Goals is to reduce the incidence of poverty in developing countries from 30% to 15% between 1990 and 2015. The dominant anti-poverty strategy, as advocated by the International Financial Institutions (IFIs) and accepted in governments around the world, has put priority on accelerating rates of economic growth.

Policymakers have largely ignored the issue of inequality, as they believe that the long-term distribution of income within countries is stable and that there is no clear association between inequality and growth. The main approach to promoting rapid growth has been based on a policy package. It has included an inflexible focus on macroeconomic stability, the liberalisation of domestic markets, privatisation, market solutions to the provision of public goods, and rapid external trade and financial liberalisation (Negrão, 2002).

Agriculture and rural development are the cornerstones of Mozambique's development strategy. Natural capital and agriculture are a source of livelihood for 80% of people, are responsible for 25% of exports earnings and represent 23% of the GDP.

The African Mechanism for Peer Review (2008) shows that in spite of considerable investment in the secondary sector of the economy (industry) and the third sector (services), the decline in rural poverty of 16% (by headcount) from 1996 to 2003 is the result of the increase in average yields on family farms, that is, in the first sector of economy.

PARPA (Plano de Acção para a Redução da Pobreza Absoluta) is the action plan for the reduction of absolute poverty in Mozambique, implemented in 2004. The Government maintained that it would be possible to achieve a growth rate in the order of 8% per annum up to 2005, as was the case from 1997 to 2001. This would, it argued, have as a consequence a reduction in the incidence of absolute poverty from the level of 70% in 1997 to less than 60% in 2005, and to less than 50% around 2010.

According to PARPA I (2004:23), *poverty* can be officially defined as the “incapacity of individuals to secure for themselves and their dependents a set of basic minimum conditions for their subsistence and well being, in accordance with the norms of society”. The line of absolute poverty was estimated on the basis of the consumption of 2 150 kilocalories per person per day, to which is added a fixed non-food-related expenditure. In monetary terms, this would be translated into US\$1 (one American dollar) per day per person.

Cruzeiro do Sul (Instituto de Investigação para o Desenvolvimento -- the Research Institute for Development) carried out empirical surveys from 2000 to 2002 in the Province of Nampula. The results indicate that, on average, gross per capita income per day falls below US\$0.50, varying from US\$0.18 to US\$0.47 among the poorest. According to PARPA (2004), it is possible for at least 20% of these persons to treble their income within five years.

To this end, PARPA presents a development strategy which is based on the market, where the main role of the government is the promotion of investment and productivity by means of an investment in human capital, the development of infrastructure, and programmes for the improvement of the quality of public and political institutions, towards an efficient financial macroeconomic administration. In parallel with this strategy, one should bear in mind the proclaimed effort of the government in pursuing policies and developing activities which will result in a reduction of the vulnerability of and the empowerment of the poorest among the poor.

Among sub-Saharan African countries, Mozambique still enjoys a position of relatively low population density. There is a widespread perception in the country of land abundance and relatively egalitarian access to land, suggesting that the limiting factor in agricultural productivity is labour. This perception ignores the role of social and institutional factors that influence household access to land in rural areas.

Several studies carried out in Nampula province (MAP/MSU1994a, MAP/MSU1994b Tschirly et al., 1994; de Marrule, 1998; CS-IID-2002) show that a household's income is positively correlated with land assets. Since the approval of the new land law the Gini coefficient is increasing in Nampula from 0.2 in 1998 to 0.5 in 2008.

This suggests that land-poor households in the study area are not able to make up for their lack of land through strategies such as wage labour or increasing the

productivity of the land they have. This shows the key role land assets play in household welfare but seems to be contrary to what some authors have found in different settings in Africa.

Indeed, where a more developed off-farm labour market exists, land-poor households can obtain cash income, followed by its conversion into food through food markets. However, Lipton (1985) argues that, although in poor rural areas of Africa the amount of land held tends not to be correlated with income or consumption, access to at least some land is crucial in determining household wellbeing. With the still relatively weak state of food, labour and goods markets in the study area, own production of calories becomes more important to households. In his study in Nampula province, Strasberg (1997) reported that from 60%-84% of household calorie consumption has its origin in own production.

According to the Food and Agriculture Organization FAO (2004), current patterns of agricultural growth in Mozambique are not sustainable and rural incomes face a substantial risk of stagnating. Over the past decade, agricultural growth was almost entirely driven by farming more land with a larger rural labour force, with few technological improvements. Improved agricultural technologies played only a minor role. Access to and use of improved crop technologies remains very limited, and there is evidence that crop yields are stagnant. If appropriate action is not taken, agricultural growth will slow and rural poverty will remain prevalent.

In the medium term, incomes can only improve with higher land and labour productivity, and future growth particularly depends on adoption of new agricultural technologies (MAP/MSU, 1994b). These include more and better extension services; adoption of best practices; introduction of new seed varieties, increased use of fertiliser, animal traction, and irrigation; and construction of more roads. Development of input and output markets is critical because farmers have little incentive to improve yields if they cannot sell what they produce. In the non-farm sectors, primary education and measures to increase labour market access for women are important, as well as establishing marketing links to the local economy and neighbour countries. Finally, crop diversification and adoption of higher-value crops is crucial in rural Mozambique.

Agriculture in Mozambique is almost entirely dominated by smallholders. The agricultural economy is a major source of livelihood, and food represents about two-thirds of total consumption, especially among the rural poor. An estimated 68%, or about 12.5 million, of the people live in rural areas (INE, 2007). Rural households are predominantly smallholders who provide about 95% of the agricultural GDP, with the balance from a small number of medium and large commercial farms. The average cultivated area per household is only about 1.4 hectares. In 2003, there were an estimated 3.2 million farm families cultivating some 4.5 million hectares (MAP, 2000).

Medium- and large-scale farmers are almost insignificant in terms of land area and numbers of farms. Two-thirds of agricultural production is for home consumption and only 5% is generated by large-scale agriculture. Most of the agricultural land area for small (less than 10 hectares) and medium (10-50 hectares) farms is cultivated for basic food crops. By contrast, large farm enterprises (more than 50 hectares) produce mostly cash crops (WB, 2004).

1.4. Problem statement

The challenge of alleviating poverty, especially of the rural poor, is a universal one. Mozambique is faced with this challenge as well as the challenge of redressing the inequality caused by civil war. In addition to many strategies often suggested for addressing the poverty of the rural poor, such as industrialisation, structural adjustment, and agricultural development, is the important role that access to land can play in improving poor people's livelihoods.

A review of the literature on informal land markets in developing countries reveals that rural people depend greatly on land resources. This dependence is greatest amongst the poor and may be driven by the need for goods (such as food, fodder, fuel, medicine and construction material), income and employment (Negrão, 2000).

Several studies have been conducted in African countries on the importance of land markets and it has been found that it is often the poorest households that are most likely to sell, buy and lease land (Roth, 2000). The evidence from several studies around Africa shows interesting, and at times contradictory, links between poverty and informal land markets. In some situations, it is a positive relationship, for instance, when markets lead the poor to acquire land or provide better access to

credit; in others, it is a negative relationship, when poor people lose their land to the market and to speculators (Chimhowu & Woodhouse, 2006). Several empirical and theoretical studies on this subject have been conducted in countries in west and southern Africa (Benjaminsen & Sjaastad, 2002; Bruce & Migot-Adhola, 1998; De Janvry, 2001; Denninger & Bishwanger, 1998; Platteau, 2000; Quan; 2001;). Over the last 15 years, very few⁴ studies have been carried out on this subject in Mozambique, largely because all land is owned by the state and informal land markets are officially banned.

Studies conducted by Cruzeiro do Sul (2001) in Nampula and Manica provinces showed that informal transactions of land in rural areas are significant⁵ and can make an important contribution to the livelihood of poor people. This is because land has values ranging from direct use (e.g., agricultural cash crops, cashews, cotton, maize or coconut trees) to indirect ones (e.g., as a symbol of sharing during traditional ceremonies or housing). However, Cruzeiro do Sul's study did not pay particular attention to people's assumptions of informal land transactions. Thus, this study seeks to supplement this earlier research by exploring the dynamics of informal land markets and provide an understanding of their contribution from the perspective of the actors themselves. Furthermore, it will explore the implications of informal land markets for pro-poor land and agrarian policies, because while these transactions appear to be prevalent amongst the rural poor in areas such the Mogovolas district, they are not reflected in official land policies in Mozambique.

1.5. Research Questions

The overall question posed by this study is the following: 'What is the nature and extent of informal land transactions in rural Mozambique and what are the constraints and opportunities that communities, households and individuals face when pursuing this option?'

This question will be address through a review of the literature on Mozambique and a case study of district (Mogovalas), in Nampula province.

More specifically, the study has the following research questions:

⁴ See Cruzeiro do Sul - Institute of Research in Development, 2004.

⁵ This survey shows that 15% of households acquire the land *via* markets.

- What perceptions do people have of land markets in Mogovolas?
- What links exist between land markets and poor households in Mogovolas?

1.6. Objectives of the Study

The overall objective of the study was to analyse the dynamics (functioning and process) of informal land markets in rural areas. The study thus focuses on rural poor people in the Mogovolas district of the Nampula province in northern Mozambique.

More specifically, the study has the following objectives:

- To systematise the theoretical debate on informal land markets in Africa and Mozambique;
- To estimate the scale of informal land transactions in the Mogovolas district;
- To determine the typology and dynamics of informal land markets;
- To identify determinants of informal land markets;
- To understand the nature of land rights following those transactions;
- To assess the institutional articulation of what? and the role of state, traditional authorities, NGO's and households in informal land transactions;
- To explore policy implications (challenges and opportunities) arising from informal land markets in Mozambique.

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1.7. Summary of Research Methods

This study attempted to analyse and systematise the dynamics of informal land markets in Mogovolas. The study combines both qualitative and quantitative methods in order to ensure reliability of data through triangulation during data collection (Udry, 2003). Triangulation is a method of cross-checking information by using several methods in the process of learning and comparing the results derived from the various methods used (Neuman, 2000). Once a proposition has been confirmed by one or more methods, the uncertainty of its interpretation is greatly reduced. However, due to limited time, not every individual in the community was interviewed. In order to gain more insight, as much time was spent in the village as possible (4 weeks).

A questionnaire was used and a number of households were asked questions relating to their ownership of household assets, sources of household cash income, and the extent to which the household is involved in the land transactions. A total of 82 questionnaires were administered.

The aim of the questionnaires was to survey a representative sample of the population so that a generalisation of the responses could be made (Babie & Mouton, 2001). However semi-structured interviews were used with some key informants because, in some cases, the explanatory power of questionnaires can be limited and they are usually standardised and not designed to suit individual circumstances. They also do not allow interviewees to explain their experiences in depth (Mouton, 2001).

In all there were four focus group interviews, with numbers of respondents in groups ranging from 5 to 10.

Secondary material was also reviewed. These include published and unpublished articles, books, and government documents from the Internet. Findings or data collected are presented in maps, diagrams, tables, and textboxes.

1.8. Significance of the Study

Apart from its theoretical contribution to understanding informal land markets, the study has the potential to provide policy makers and implementers, as well as local practitioners, with a range of information that could help in the following:

- An estimation of the socio-economic value of informal land markets in rural livelihoods of the Mogovolas people;
- Inform policy makers of specific important aspects to be taken into consideration when planning and implementing development initiative programmes that could have a positive and significant impact on rural people's diverse livelihood strategies.
- Assist socio-economic researchers by coming up with new perspectives on the problem of land markets and poverty reduction;
- Benefit the local people themselves if policy makers take into consideration the important aspects that would have a positive and significant impact on rural people's diverse livelihood strategies when planning and implementing development programmes.

1. 9. Structure of the Thesis

The thesis comprises five chapters.

Chapter 1 introduces the study and presents the problem statement and the objectives of the research.

Chapter 2 is a theoretical review of land markets. Among the issues addressed is the international debate on land markets, current land market paradigms, informal land markets in Mozambique, and current Mozambican policies on land reform. Presenting these key issues, as well as exploring the relationships between them, will provide a theoretical context for this study.

Chapter 3 provides the methodology used and the background to the case study area.

Chapter 4 presents findings on the dynamics of the informal land markets in the Mogovolas district and provides the socio-economic profile and livelihoods of the people who were interviewed. This is followed by a section that deals with the people's perceptions of land transactions and the role of institutions, such as the state, traditional authorities, NGO's and households.

Chapter 5 presents conclusions, with discussion of the key findings, and provides recommendations for policy and research.

1.10. Study Limitations

The study is subject to several limitations. Firstly, there is the issue of language. Although the researcher is fluent in Portuguese, but not in Macua which is the language spoken in the case study area and the language used to collect data, careful attention was needed while translating into to English when the thesis was being written. This might not be difficult to do but is time consuming. Secondly, a potential limitation is related to data collection for informal or supposedly illegal land markets, as such practices are inevitably covert to some degree and people may be reluctant to speak about them.

CHAPTER 2: Land Markets, Informal Land Markets and the Rural Economy in Mozambique

The aim of this chapter is to present the background and theoretical framework fundamental to the arguments made in the thesis, based on a review of both theoretical and empirical literature, with particular reference to informal land markets in Mozambique. Among the issues addressed is the international debate on informal and formal land markets, informal land market models, and informal land markets in Mozambique. Presenting these key issues as well as exploring the relationships between them provides a theoretical context for this study.

2.1. International Land Markets Debate

Land markets are an important issue for policy makers and scholars because of their implications for economic development. Over the years, several theoretical studies have approached the question of land markets and their role in land reform and land policy (Bernstein, 2002); in rural development (El-Ghonemy, 2002; 2003); in equitable and efficient allocation of land (World Bank, 1975; Deininger & Biswanger, 2001); in reducing rural poverty (Lipton, 1981; de Janvry & Sadoulet, 2001; Griffin et al., 2001); in decreasing the transaction costs of the agricultural sector (Desemtz, 1967; Fafchamps & Pender, 2000); and in security of tenure, promotion of investment and technological innovation in agriculture (Barrows & Roth, 1990).

Internationally, the literature on land in the 1950s, 1960s and 1970s was characterised by lively debates about unequal agrarian structures, rural poverty and competing approaches to redistribution (El Ghonemy, 2001). During this period, land reform figured prominently on the policy agendas of several developing countries that gained independence from colonial rule. In the 1980s and 1990s, neo-liberal policies⁶ promoted policies to redistribute land through the market as part of conditionalities in the context of structural adjustment and foreign debt recovery for third world countries. Today, there is a consensus that the reduction of poverty in developing countries must include the growth of agricultural production and more equitable distribution of agricultural income, and this implies access to land by the poor through land markets (Deininger & Biswanger, 2001).

⁶ After the Cold War, in the 1990s, the World Bank guided thinking in a land reform policy based on the Land Reform Policy Paper (LRPP) formulated in 1975 (World Bank, 2003).

advocates of land markets Deininger and Binswanger (2001) argued that the titling and commodisation of land is critical because it can i) improve economic efficiency of agriculture through transference of land for more productive farmers, ii) increase access to credit through a collateral effect with regard to financial institutions, iii) raise investment via an assurance effect which attracts investors to the agriculture sector, iv) provide new sources of revenue for government through land taxes on transferrals.

There are four main criticisms of the neo-liberal view of rural land markets. Firstly, the neo-liberal view suggests that the transformation of peasants into urban workers (based on the Lewis⁷ model) would be facilitated through land markets. In this way, the promotion of land markets is important because through investments in agricultural land, it can transform and modernise the rural sector. This model incorrectly assumed that via market mechanisms there will be sufficient investment in agriculture, which could absorb the hundreds of millions of peasants in poor countries (Ghatak & Ingerset, 1984).

Related to the above criticism is the issue raised by El Ghonemy (2001) that land for the rural poor becomes an indispensable condition for the creation of self-employment in developing countries.

Secondly, Borras and McKinley (2006) disagree with the neo-liberal view for the following reason: International experience shows that land markets and increased investment in agriculture does not necessarily translate into poverty reduction, but leads to land concentration.

Thirdly, the collateral effect is not registered because commercial banks and financial institutions in developing countries are reluctant to provide loans for land purchases. They are averse to tying up their capital, often raised through short-term deposits, for long periods of time, and lack confidence in their ability to foreclose on the property in the event of default. Moreover, they prefer lending against more reliable streams of income than those found in agriculture (Platteau, 2000).

⁷ According to this model, the developing economies are characterised by two sectors: backward-agricultural and advanced-industrial. Investment in the latter will induce the transference of surplus labour to the modern sector of economy.

Fourthly, Borrás (2004) and Akram-Lodhi (2005) both highlight the multidimensional value of land. Sometimes markets are not friendly to the poor as land values are politically, socially, economically, and culturally determined and can be overpriced so cannot and must not be reduced to the narrow economic perspective. According to these authors, market distortions occur, not just through state interventions but because land has a multidimensional character and distortions occur due to monopolistic land market control and manipulation by the landowning classes.

Therefore, the neo-liberal prescriptions for the land market claim to be biased towards the poor, but these are theoretical assumptions: empirical evidence tends to contradict this (Lahiff et al., 2007).

2.2. Formal Land Markets and Informal Land Markets

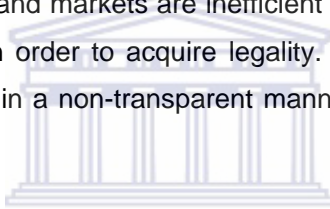
In the context of this study, it is important to understand the meaning of land markets especially from the informal perspective. Most of the economic literature and the international policy debates are based on abstract models of land markets, which assume a high degree of formality. In this context, *formal* means transactions that are carried out in terms of some law, that are recorded in some official source and where issues such as boundaries, nature of rights, and amount and form of compensation are clearly stated (De Janvry et al., 2001).

According to Place (2000), the formal land market implies the transactions of goods and of the rights acquired on the land by voluntary agreement between two people or groups of people represented by legal agents. Therefore, the land market arises when there are potential “buyers” that get in contact with potential “sellers” having common equivalence, equivalence that may be money or any other medium identified in the course of negotiation.

Deininger and Feder (2000) point out some conditions for efficient performance of formal land markets: i) eliminate the risk of informal transactions through titling and public provision in the form of land records, police, and a judiciary; ii) create a formal land rights system through title transfers; iii) and improve credit access via collateralisation of land.

While land markets in more developed economies may conform, broadly speaking, to the requirements of a formal market, the situation in developing countries may depart from these norms in a variety of ways – in other words, involve a degree of informality. In the literature, several terms have been used to describe informal economic activity around the world: *unofficial, shadow, hidden, underground, illegal, unrecorded, unreported, parallel, and black*. Although there may be nuances in these terms, they all have a common denominator: ‘those engaged in (such) activities avoid, escape, or are excluded from the institutional system of rules, rights, regulations and enforcement penalties that governs those agents engaged in formal production and exchange’ (De Soto, 2000: 79).

According to Payne (1997), the literature on economics characterises informal land markets as follows: firstly, that there is an official method of exchanging land; second, this implies that informal land markets, by contrast, are outside the state. A third assumption is that informal land markets are inefficient and that they should conform to prescribed legal norms in order to acquire legality. Fourth, informal land market transactions are carried out in a non-transparent manner, based on highly localised markets.



Like other complex social and economic systems, land markets generate their own disagreements and shared understandings. The neo-liberal scholars, such as de Soto (2000), cite the lack of official records as the major reason for land markets’ failure in developing economies. According to North (1990), however, the significant difference between informal and formal markets is not their lack of records. Sometimes, even with records, the developing countries lack the ability of society to systematically conceptualise land sufficiently to run an effective market.

Informal land markets are also considered to be inherently complex and the site of struggle between unequal partners (Sen, 2001). In the informal land markets, different socioeconomic groups interact and the bargaining power is favourable to the richest, no matter their position in the negotiation (demand side or supply side); thus, it is important that the state rebalance the situation in favour of the most poor and landless groups.

North (1990) observed that the law is a way of social imagining, a system of meanings, and argues that informal land market institutions are governed by “the rules of the game”. Law defines and creates social realities as well as reflects them.

Social support for market activities is distinct from the observable relationship between an owner and particular land and recording processes. Society needs the capacity to perform rights-related tasks, including non-technical tasks, giving land rights and the technical support systems social meaning compatible with market activity.

The informal markets in most developing economies are characterised by asymmetries in access to assets, especially concerning information (Stiglitz, 1997). The theorists of developing world build concepts in relation to informal land markets and embed these concepts in social behaviour, language and economy and social justice concepts. Based on these observations, land administration appears more important than land itself because it provides the stability that facilitates development, ownership, management and trading of conceptual or intangible commodities. By contrast, if a country focuses on land as simply land, it cannot develop the functional processes required for wealth acceleration through commoditisation of land rights and complex commodities related to land.

De Soto (2000) identifies ambiguity of informal land rights under customary tenure as leading to low rates of productivity-enhancing investment. De Soto (2000) argues that the land of poor people thus remains “dead capital” because, under informal markets, land cannot be used as collateral⁸ against loans from the formal banking system.

Quan (2000) disagrees with De Soto's assertion, arguing that land market development requires establishment of a broad shared understanding of and commitment to all processes related to informal land rights, of which registration is necessary but not sufficient. Registration can significantly enhance adequate or good land rights; registration of bad land rights (for example, rights in name only, lacking substantive reality) cannot improve informal land market operations and will distort market activities. And registration of rights of any particular quality (suitable for markets or not) will fail if the registration process is not supported by its intended public both at initial entry and through capture of subsequent land transactions (Tanner, 2000).

According to critics of the legalist land markets approach, such as Borras, Kay, and Akram-Lodhi (2005), informality is not necessarily bad for the poor, because, under

⁸ According to Johnston and Mellor (1961) the collateralisation effect is important since credit from informal lenders is typically more costly than from formal sources.

normal circumstances, the local informal order is embedded in social relations linking different members of a rural community, and guarantees basic land rights to all villagers (including migrants) which are sufficient to induce investment. Bruce and Migot-Adholla (1994b) argue that under systems of informal land rights there is no need for market or state intervention through centralised procedures such as formalising land rights, because they are sufficiently organised through local land institutions. The intervention is justified only if the informal order is absent or is proving unable to regulate access to land, in which case, the state can substitute the missing structure (Platteau, 2000; Bruce & Migot-Adholla, 1994a). Shipton (1988) asserts that even where informal land markets are formalised, in most rural parts of Africa, emergent land markets remained largely unregistered and continued to be influenced by customary law.

2.3. Theoretical Models on Informal Land Markets

There are three broad theoretical perspectives in the debates around informal land markets, each of which points out divergent implications for informal land markets: the evolutionary theory of land rights (ETLR), which overstates the existence and role of land markets in Africa; the common property theory (CPT), which understates the existence and role of land markets; and what can be called the dynamics of land markets (DLM), which highlights the dynamism of informal land markets and the multifaceted nature of their role in the African context.

According to the evolutionary theory of land rights (ETLR) model, as land scarcity increases, people demand greater tenure security. As a result, property rights evolve from more collective and informal rights towards formalisation and individualisation of rights (Ault & Rutman, 1979; Desemtz, 1967 and Johnston & Mellor, 1961). Informal land markets will gradually emerge, operating inefficiently, based on customary (non-market) principles. Therefore, land conflicts increase because of the insecure land rights for landholders. Thus, ETLR suggests that the establishment of formal land markets needs to be imposed by state institutions in order to achieve greater allocative efficiency, by reallocating land from less to more capable producers (Deininger & Biswanger, 1998).

Common property theory (CPT)⁹ is characterised by the customary or communal land tenure systems, which are based on the new intuitionism paradigm (Bromley, 1989; Ostrom, 1990). Cousins (2000) and Bromley (2002) argue that in prevailing conditions of low land demand, informal land markets are based on non-market principles, including position within a social structure such as class, gender, age, ethnicity, political status and affiliation, spatial location and other identity, all of which can be important in acquisition of land by offer or loan.

According to Runge (1986) and Sadoulet and de Janvry (2000), the empirical evidence shows that informal land markets under customary systems are largely efficient, sustainable, and equitable. Central to this conception of customary land tenure is that it provides a structural barrier against the emergence of land markets, since co-operation, reciprocity and group reproduction are the main principles (Ostrom 1990; Platteau, 2000).

In this perspective, informal land markets are socially embedded and tend to be more equitable than formal markets and may provide mechanisms for the intergenerational transference of wealth (Roth, 2002). Informal land markets and formal institutions (state regulations) may coexist, but also interact in a complex and dynamic manner (Cousins, 2000).

According to Scoones (1994), in CPT the social networks and traditional social institutions play an important role in informal land markets. Informal land markets can be defined narrowly in terms of the holder's perception of the probability of trading land within a given time period (Shackleton et al., 1999). The rights of land use are defined by effective use and household labour in land: for example, evidence of crops and tree ownership (Negrão, 1995).

Central to the dynamics of land markets (DLM) perspective is the existence of informal or vernacular land markets in Africa (over the past century or longer), which have been driven by several determinants and flourished under customary systems of tenure. The main contribution to this theory is from Woodhouse and Chimhowu (2006), who criticise the alternative views outlined above because they have in common a false or idealised assumption that access to land under customary

⁹ See also: Barrows & Roth 1990; Bromley, 2002; Bruce & Migot-Adhola, 1994; Cousins, 2000; Negrão, 2005; Okoth-Ogendo, 2002; Toulmin & Quan, 2000.

systems operates according to non-market principles, differing only in negative or positive consequences that they identify as following from this.

Woodhouse and Chimhowu (2006) argue that informal land market transactions have been evident for more than a century as part of customary land ownership in Africa, and are of growing importance in many parts of Africa. Feder and Noronha (1987) maintain that informal land markets under customary systems are compatible with the introduction of export crops and with food production.

Within informal land markets there is an interplay between market and non-market interpretations of customary systems that does not have a clear frontier, but results from specific practices and local arrangements between actors (Benjanmisen & Sjaastad, 2002).

From the theoretical and conceptual positions, it is possible to systematise some experiences on informal land markets. Migot-Adhola (1994) finds that, even when property rights remain informal, active land markets can be found. In the developing world, informal land rights are by far the norm.

2.4. Land Markets in Africa

As a result of the global context in recent years, reform of land markets has become a prominent policy issue in Africa. The new-found interest in land markets occurs in the context of neo-liberal economic reform and the further opening up of Africa to transnational capital investment. The major concern that has influenced the new land markets' agenda is a perceived need for institutional reform to ensure stability and transparency of informal land transactions, binding legal codes on transactions, efficient and speedy transactions in land, and lower transaction costs that do not hinder business investment.

Woodhouse and Chimhowu (2006) argue that although informal land markets have been observed in Africa for more than a century, there is evidence that the commoditisation of access to land is now increasing. A number of other authors have made similar observations, although they do not agree on the causes of this dynamic.

According to Woodhouse and Chimhowu (2006), the debate about informal land markets in Africa is polarised between advocates of land market formalisation and those who claim that informal or customary transactions are the only check against landlessness among the poor, and that a 'pro-poor' land policy should therefore strengthen customary rights to land rather than promote markets.

A positive aspect of this debate is the stimulus it may provide to scholars to engage with the empirical realities of informal land markets. A disadvantage is that positions are already so polarised that critical exploration of empirical and theoretical argument is liable to be subordinated to promoting idealised models of land markets and rural economy (e.g., a more general discourse of African/traditional/ versus Western/modern/).

Kombe and Leribich (2001) studied informal land markets in Tanzania and concluded that the "illegality" notion that is often used by bureaucrats and policy makers to question the legal status of informal or "unplanned" land is a misconception that stems from unawareness of the regulatory systems involved and from lack of knowledge about the mechanisms and norms underlying informal land acquisition, security of tenure and subsequent management.

Kiround (2000) argues that the concept of land markets has not received sufficient attention in the analysis of access to land in Africa. In his view, this is because both colonial and post-colonial policy makers believed that market transactions in land did not take place within customary systems. Colonial policy makers believed that Africans put no value in land and held land only in usufruct.

The other position advocates recognising and reinforcing customary rights to land and opposes land markets' formalisation, particularly individualised title, on the grounds that it favours the wealthy, who are best placed to deal with the bureaucratic procedures involved, and generally block any registration of land title in a woman's name (IIED 1999; Toulmin & Quan 2000; Toulmin et al., 2002).

Finally, this position argues that formal land markets generally involve registration of only primary (i.e., for cultivation) lands and excludes secondary or seasonal lands (e.g., for grazing, firewood and wild-food gathering) that are likely to be important 'safety-net' land rights for the poor under customary systems (Shipton 1992; Toulmin & Quan 2000).

As a consequence, formal land markets are believed to be detrimental to the poor. For advocates of formalisation, then, the flexibility (or negotiability) of access to land through kinship under customary systems offers the possibility of re-allocation of land to poorer community members on the basis of need, and the consequent ambiguity or non-final character of customary rights is thus not a source of insecurity, but a positive feature that ensures continuing access for the poor.

However, Bruce (1994) argues that tenure security does not necessarily reside in private title, and the Ugandan and Kenyan cases show that customary systems of land tenure and the absence of formal markets (or the presence of informal land markets) do not constitute an impediment to agricultural and rural development.

There is therefore evidence that the non-market nature of customary tenure in Africa, to the extent that it exists, is as much a colonial construction as it is rooted in any essentially African value system. Lund (2000) concludes that there is widespread evidence of land markets operating informally, and in some contexts illegally, under present-day customary tenure regimes.

According to Place et al. (2000), there are records of informal land markets in many African countries during the pre-colonial era. Such countries include Togo, Sierra Leone, Nigeria, Ghana, Madagascar, Ethiopia, Senegal and Zambia.

Two of the more detailed, and most influential, historical accounts – Hill's (1963) study of the origins of cocoa farming in Ghana in the first two decades of the twentieth century, and Bundy's (1979) work on African farming in South Africa before the 1913 Land Act – show quite clearly the rapid evolution of land markets in the context of growing commodification of agriculture. Migrant Ghanaian cocoa farmers formed syndicates to purchase tracts of forest from chiefs, which they then cleared for cocoa farms. The South African peasants supplying food to mining towns were able to purchase titles to the land they farmed, titles that subsequently presented significant obstacles to the removal of their descendants from the land (known as 'black spots') by the apartheid regime.

As suggested by recent case studies in Benin (Edja, 2001) and Ghana (Amanor & Diderutuah, 2001), 75% of the women in the villages studied in Benin were farming rented land, and for 40% per cent of them, all the land they cultivated was rented. In the southern Ghana case, 66% of farmers obtained access to land through

sharecropping, and for nearly half of all farmers, the share paid to the landholder as rent had increased (typically from 30 % to 50%) under conditions of increasing land scarcity. Similarly, in a study of a village in the Iringa region of southern Tanzania, Daley (2005) found that, from 1997 to 2000, 54% of land transactions were informal market transfers (31% rental and 23% sales), which she estimated involved one in every four households in the village. However, despite their prevalence, the informal land markets remain encumbered by customary tenure and the tensions it generates, and land transactions have no statutory protection.

Amanor and Moyo (2004) in one hand and Chimhowu and Woodhouse, (2006), criticise the formalisation of informal land markets via titling, arguing that the view of land markets in Africa is based on dogmatic concerns and the prescriptions tend to be the same for all countries despite the differences in historical trajectories of countries. The authors suggest an alternative framework could seek to gain a better understanding of the evolution of land markets within Africa through a political economy.

As El Ghonemy (2002) argues, formal land markets are based on ambiguous foundations regarding the risk and competitiveness, in land and credit markets, between small and larger farmers. In other words, the advocates of formalisation of land markets, and market-based land reform, assume the ability of the landless and near-landless to gain access to private landownership through targeted financial aid. Carter (2000) argues that even if formal markets are functioning perfectly, without relaxing capital constraints throughout rural areas, the enhanced operation of the land market will not reach its equity and efficiency goals. According to Platteau (1995), Chimhowu and Woodhouse ,(2006), prices of land are typically negotiated from very unequal bargaining positions between the many poor peasants waiting to buy and the few landowners willing to sell.

2.5. Land Markets Debate in Mozambique

The introduction of socialism in some African countries, such as Egypt, Ethiopia, Tanzania and Mozambique, saw the application of the principles of Marxist economic theory with direct implications in private property and economic mode of production (e.g., centralised planning and collectivisation). However, this ideology generally failed to achieve the short-, medium- and long-term development objectives in those countries (Moyo, 2000).

After the independence of Mozambique in 1975, the land was nationalised and became the property of the state (Abrahamson & Nilson, 1993). In this context, nationalisation did not mean redistribution of land but merely the transformation of privately held farms into state farms (Wyuts, 2001). Rural families kept working the same lands as before (Hanlon, 2002).

Since the 1990s, a transition towards an open economy has been underway in Mozambique. The adoption of a new constitution in 1990 and the signing of the peace agreement in 1992 initiated a period of rapid regulatory change regarding the rules that govern the ownership and rights of use of a range of land resources (Norfolk, 2000).

The new regulatory principles led to new laws and regulations to manage the access to and beneficial use of land, forest and mineral resources. Since its inception, the land policy reform has met challenges, achievements, varied views and opinions of how this would affect those identified to benefit from that land. It is common knowledge that people living in rural areas are those who are most affected by poverty. Therefore, their dependence on land and natural resources is greater in the absence of any other income or economic opportunities. The government realised the important role land plays and how land influences livelihoods (Hanlon, 2002).

Research on land issues, including informal land markets, began in the early 1990s under the auspices of the Mozambican inter-ministerial Land Commission and with support from the University of Wisconsin Land Tenure Centre and USAID (research in this area was officially prohibited after independence in 1975). Field-based reports from different parts of Mozambique began to be documented and the range of issues around land discussed. Two national conferences were organised in 1992 and 1994, and especially in the second of these, the complexity and scale of the land question began to emerge more systematically.

The following subsection looks at the positions that have been taken on the informal land markets debate in Mozambique and the involvement of civil society, government, donors and private sector operators, and the many implications thereof. It is crucial to clarify the existence of interplay between the different views, and for analysis, it is necessary to highlight the main features of each.

The land markets and informal land markets' debate in Mozambique has been dominated by four main views:

i) The Legalist view, it was most preponderant and start is argument based in two guides issued by the state in 1979 and 1997 land laws. The perspective was based on a strict interpretation of the constitution and the existing law. This view defends the strict interpretation of the constitution, which prohibited informal land markets. The people that supported this view were mostly government officials, parliamentarians, lawyers and policy makers.

ii) The pro-market view emerged in the early 1990s with the discussions on structural economic adjustment policies and the new democratic constitution in Mozambique. Its criticism of the legalist view was based on evidence of the existence of informal land markets and neoliberal international experiences, particularly regarding land market formalisation. The advocates of this view were mostly foreign donor agencies (the World Bank and USAID) and private sector operators.

iii) The social view, which started in the middle of the 1990s, during the discussions concerning the new land law, is opposed to the legalist view and the pro-market view and makes claims for the voice of poor and civil society in land issues, based on empirical studies of local informal land markets and experiences of land markets within customary systems. This perspective opposes the formalisation of land markets, because they operate properly within customary systems. The proponents of this view were mostly members of civil society, such as academics, peasant unions and NGO's.

iv) The gradualist view gained prominence in the early 2000's, during discussions about the role of land in poverty reduction and investment in Mozambique. This perspective criticises the radicalism of the legalist view, pro-market view and social view and suggests an incremental introduction of formal market mechanisms. This perspective proposes a holistic approach which joins the constitutional principles regarding state control over land, land markets within commercial lands and customary systems of land markets. The advocates of this view were some land experts from the international development agencies (FAO, 2000).

2.6. Legalist View

The legalist view argues that since land markets are prohibited by law and the constitution, there is no space for debate on informal land markets from the state, and land transferences are allowed only for lands with improvements. Government argued that it is better for the state to retain a strong control over the land, in order to protect local rights and prevent the effective privatisation of the country (Do Rosario, 2000).

There were state failures in land allocations in the context of high demand that resulted from the end of civil war in 1990 and the transition from socialism to capitalism. In this period, the informal land markets gained more prominence in land transferences in the country and the demand for land from the private sector and speculators increased. This put at risk the access to land for rural families (Quadros, 2004).

After extensive discussions with the private sector, the government adjusted its legalist vision and accepted an alternative approach which was based on an integrated model whereby all land users could develop partnerships and collaborate in the use and management of land and other resources. There have been several cases of land confiscations after state officials received reports of informal land market operations. However, on the other hand, there are cases of state officials' participation in informal land markets as intermediaries or brokers. Thus, from the legalist view, there are some ambiguous and contradictory trends in the approach to informal land markets.

2.7. Pro-Market View

The pro-market approach was represented by some donors and the private sector. Land markets are a critical issue in Mozambique, where land leases and sales markets are often thin and inhibited by problems such as informality, contradictory information and the inexistence of credit markets. Since the state is not efficient in the allocation of land, land markets have a role to play (Hanlon, 2002).

The evidence from colonial files shows that in 1970, 0.4% of commercial farms covered 49% of the land in Mozambique; of these, only 20% were bought through the informal land market, the remaining 80% being allocated by the state. With

independence in 1975, the abandonment of properties, the switch to socialism, and the subsequent nationalisation of the land led to the abolition of private ownership and private transferences of land. Although officially abolished, data collected around the country shows that the informal land market did not cease to exist (Cruzeiro do Sul, 2002).

A study done by the Land Tenure Centre and the NET-Unit of Land Studies from Eduardo Mondlane University in 1991 in the so-called “green areas” (*zonas verdes*) adjacent to Maputo shows that land markets were active despite the formal prohibition; for example, 10% of the land was bought or rented in/out and a further 12% was being borrowed. Surveys conducted by Cruzeiro do Sul in 2000 and 2001 in Nampula and Manica, covering around 5,000 rural households, show that 15% of the families had access to land by purchasing or renting. The Agriculture and Livestock Census (CAP) of 1999-2000, however, shows that around 5% of farms are acquired through informal land markets and a further 6% are on borrowed land.

According to a 2000 USAID report on Mozambique, the legalist view grossly underestimated the market forces. The legalist perspective assumed a relatively static picture of land needs and focused only on agricultural land use. These policy makers assumed they could survey and record almost three million small farms across the country. This, however, was a huge task and would require considerable resources, which never came to be realised. The USAID report advised that with informal land markets and land beginning to change hands, it would be impossible to control or reverse the course of things using the legalist or social approaches. For the authors of the USAID report, formalising the land markets would be the best solution. These and related issues were also being addressed with increasing force by national academics (Tanner, 2002).

According to the pro-market view, the complications begin to emerge with the process of transference of land-use rights when investments are transferred to a third party in rural areas. Advocates of this view assert that land rights can be transferred in Mozambique but not title to the land. Ignoring the reality of the land law is a huge mistake, with serious implications for rural development and investments in the economy.

It continues to be impossible for rural land to serve as any kind of formal collateral or credit guarantee, not only because the law does not allow this, but also because

there is no reliable way of imputing value to the land when investments made on it are bought and sold.

Jenkins (2001), in his study of informal land markets in Mozambique, noted that the informal land market, when it is visible, is in fact a market in land use rights, and should only deal with land that has already been registered and upon which real investments have been made. It is the investments that are being transacted, not the land. The problem is that the registration of land in practice only covers 10% of land; that means the rest of the transactions happen through informal land markets and customary mechanisms. Advocates of a market in land titles argue that this would simply legalise an informal land market which already exists and which cannot be stopped. Land is a commodity which is bought, sold and rented throughout the country at all levels of society, they argue.

The advocates of this approach believe in attracting foreign investment for agriculture and creating incentives for the local private sector to farm more efficiently. Thus, these firms have to hold land titles and the right to acquire or transfer titles through a formal land market. According to Hanlon (2002), the other argument is based on job creation for poor peasants via large-scale farming and claims that accelerating economic growth provides the best option because there is not enough time to modernise the peasantry sector; instead peasants must be induced off the land into jobs created by investors with capital and modern technology so they will improve the productivity and profitability of agriculture.

The critics of this view assert that it is a static approach and will allow the investors to accumulate all the land and benefits from the land. The consequence of this model, they argue, is that it promotes an uneven pattern of returns and will concentrate all savings in the private sector, while transforming the family sector into cheap labour.

The private sector operators and donor agencies, on the other hand, argue that government interventions in informal land markets are coercive and aggravate the existing distortions (Hanlon, 2002).

According to the pro-market view, the lack of formalisation of land markets denies the opportunity for the state to collect taxes and monitor land use.

Proponents of the pro-market view criticise the legalist view saying that in the context of widespread poverty, it is unacceptable to have vast areas in the country that are under-used, and that large areas could be acquired from the state at no real capital cost (USAID, 2000). The government has to realise that the demand for this cheap¹⁰ factor of production has grown rapidly. Local people have been seriously decapitalised by war, floods and drought. Therefore, they suffer great disadvantages in informal land market operations, as they simply cannot negotiate well. If the land were to be given market value, the communities could sell it and earn money to invest in other activities instead of selling land prices which do not reflect its underlying value (USAID, 2000).

2.8. Social View

The social view was supported by civil society and is centred on negative principles: "We don't want anybody without land, we don't want access to land which is restricted by income and we don't want a family [smallholder] sector confined to marginal areas" (Negrão, 2005:7). The view was guided by experiences of informal land markets used by rural communities and social justice principles prevailing within customary systems. The social view also calls for an end to the violation of farmers' land rights, a result of the local government, since independence, making decisions for farmers instead of allowing farmers to decide for themselves.

Civil society organisations and policy advocates argue that it is not necessary to formalise land markets, first, because the law allows the transaction of improvements within the land and, thus, any investment made on the land is private property and can be bought, sold or mortgaged without necessarily selling title to the plot. Second, within the customary system, the informal land markets are seen as pro-poor and thus formalisation could work against the interest of poor people who lack resources and are often illiterate (Tique, 2002).

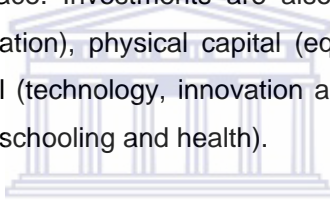
The serious medium-size farmer does not advocate for formalisation of land markets but requests agricultural support because of difficulty in obtaining tractors, fertiliser and other necessary equipment and because of problems with roads and markets. The public sector must invest in agriculture, and promote the role of the private sector, but without introducing a system of selling land, they say.

¹⁰ Officially, land does not have a market value in Mozambique.

Another criticism is that the government simply agrees with the donors' view, without any previous analysis. The state needs to challenge the World Bank line and show that it is not likely to work in the Mozambican context. According to Hanlon (2002) the new bourgeoisie talks of land, but when they enter into farming, they fail.

According Negrão (2005), in the social view, it is not necessary to formalise land markets or exclude the communities from the accumulation process through land since the land markets also constitute a social relation. The growth and efficiency of informal land markets does not depend on formalisation but is dependent on the linkage established between the producer and the holder of the means of production (i.e. land) – in other words, it depends on the stability and effectiveness of the institutions at all levels.

The secure possession of land and the availability of labour alone are not sufficient for development to take place. Investments are also necessary in public capital (infrastructures and investigation), physical capital (equipment and organisation of production), technical capital (technology, innovation and applied investigation) and human capital (qualification, schooling and health).



Only investment, both public and private, can make available the necessary capital in order to increase the savings rate of rural families and ensure that development takes place. Development can start through a process of negotiation and partnership between local people and private investors, bringing new dynamism to the rural economy without undermining the principles of equity and sustainability that support the land law defended by the legalist view. It is this development process that will transform the countryside.

2.9. Gradualist View

Arguments put forward by Tanner and Do Rosario¹¹ (2002) created a bridge between these three radical approaches: the legalist view advocated by state officials, the pro-market view advocated by donors and the private sector, and the social view defended by civil society organisations when they advocate the “step by step” approach for the establishment of formal land markets in Mozambique.

¹¹ Tanner is the FAO country senior technical adviser for land issues and Do Rosario is an economist and former Minister of Agriculture between 1994 and 1999.

This approach is based on the argument that the law does not need to be changed significantly to accommodate informal land markets. It is important that before any move is made to allow transfers through the market supporting the legalist view, the existing rights at community or individual level should be guaranteed and this must be recorded on an official cadastre.

Relate to the consensual decision about how this market can be established. Taking into account the gradualist perspective and the dynamics endogenous to informal land markets, Bruce (2006) argued that in the Mozambican case, it is possible to formalise the land markets just among commercial farms, supporting the pro-market perspective, and then allow informal land markets to operate within customary systems but provide some institutional framework such as that proposed by those holding the social perspective. However, at the same time, this author highlighted that there is a need for an examination of the impact of contemporary informal land markets on rural poor families, as well as the middle and upper strata of the peasantry with aspirations of accumulating land and capital.

The gradualist view criticises the previous three views, saying that the weakness of the resulting law is that the most important analysis and researches which supported the land law was made by sociologists, anthropologists and lawyers. The influence of those scholars meant that those analyses were focused strongly on the indigenous farm systems and the social organisation of rural communities. In contrast, the economic analysis is not visible in the new law. A full policy review by an inter-sectoral and multi-interest group is therefore called for.

According to Hanlon (2002), the debate around land markets continued after the approval of the new land law in 1997. After its endorsement, implementation problems and unintended outcomes were found in several areas, especially regarding the low rates of investment and job creation based on land.

It is important to highlight that in the urban areas informality of land markets is not crucial, as a building normally occupies most of the land in question and transmission of the land right effectively occurs along with the buildings that are sold or mortgaged (Quadros, 2004).

To conclude this section, I agreed with Hanlon (2002), as shown in this discussion, the debate on informal land markets in Mozambique is an indirect way of discussing development because people's views of land are directly related to agriculture, investment and reduction of rural poverty. No one denies that Mozambique needs substantial agricultural development, which will require investment, and that there is a real demand by peasants for wage labour. The debate is about who invests and where, and about the balance between jobs and family farming. At this stage there is little consensus about the drivers of development.

Finally, is difficult to define land markets merely using the market criteria, because in most cases the non- market criteria allowed a several transactions in land and investments. In other hand it difficult to find accounts in the literature of the linkages between poverty and land markets. However, the literature information on land markets enables us to understand what the direct implications for poverty and rural development. Chapter four will attempt to examine some evidence on this.



CHAPTER 3: RESEARCH DESIGN AND METHODS AND DESCRIPTION OF THE CASE STUDY AREA

This chapter provides a brief description of research methods and the case study area, covering both the economic and social aspects. The chapter is divided into two main sections. The first section presents a research design and methods. The second presents a brief economic, physical, and administrative background, including a discussion on land tenure in Mogovolas.

3.1. Research Design and Methodology

This study attempted to analyse and systematise the dynamics of informal land markets in Mogovolas. The study is qualitative and quantitative in nature and multiple methods were needed to ensure reliability of data through triangulation during data collection (Udry, 2003). Triangulation is a method of cross-checking information by using several methods in the process of learning and comparing the results derived from the various methods used (Neuman, 2000). Once a proposition has been confirmed by one or more methods, the uncertainty of its interpretation is greatly reduced. However, due to limited time, not every individual in the community was interviewed. In order to gain more insight, as much time was spent in the village as possible (4 weeks).

The study, which is exploratory and descriptive in nature, took the following approach for the fieldwork. In-depth qualitative interviews were conducted with 80 members of selected rural households in the Mogovolas district, as well as community leaders, local government officials and NGO workers. According to Henry (1990), in socioeconomic analysis, case studies are the appropriate tools for deep understanding and description of a case. The importance of a non-probability sample in case studies depends on convenience and the number of cases selected (quota¹²), as shown in the table below;

¹² According to Henry (1990) quota sampling allows interviewer discretion in selection of the individuals for the sample.

Total population (n)	Cases for sample	Percentage
100	15	15%
500	50	10%
1000	50	5%
10000	100	1%

Source: Henry, 1990

In sum, Case suggests that for a non-statistical model, a percentage of the total population or households can be selected for interview. As the total number of households gets larger, the percentage selected become smaller. According to the Mozambican Agriculture and Livestock Survey (2000), Mogovolas district is composed of 8,250 households, and the study selected 80 of these in 3 villages.

Structured interviews were carried out¹³ with a number of households, asking questions related to their ownership of land assets, sources of household cash income and involvement in land transactions (Udry, 2003). Furthermore, semi-structured and participant interviews were also conducted in order to complement the household interviews (Mouton, 2001).

3.2. Data collection

The questionnaires were formulated in Portuguese, but they were translated into Macua for administration as the majority of the villagers could not speak Portuguese. The purpose of the preliminary fieldwork was to assess the characteristics of the study site, to test the efficiency of inquiries and to facilitate further gathering of all relevant information in the shortest possible time.

¹³ With the help of a village-based research assistant.

The data collection in the district was conducted in April 2006 in the three villages within the district. Additional data collection and interviews with officials in Maputo were conducted from August to October 2006. The collection of tertiary data, which included the available literature and technical field reports, was done in Maputo and Cape Town throughout the course of this study (2005-2008). The techniques used for data collection are described below.

3.3. Triangulation

The techniques used in this research were questionnaires, interviews, observation, and examination of documents. These techniques, when combined, produce differing, but mutually supporting data. Each method approaches the collection of data from a different angle and from its own distinct perspective. These perspectives were used for comparison and contrast. Triangulation involves more data and different kinds of data on the same topic (Henry, 1990). Thus, it is more likely to improve the quality of the research, which allows seeing the data from different perspectives and understanding the topic in more rounded and complete form.

In this research, the four types of data gathering techniques described by Babbie and Mouton (2001) were used, namely,

- i) structured interviews to household heads;
- ii) semi-structured interviews to key informants;
- iii) focus group sessions;
- iv) observations;
- v) data processing and analysis.

Triangulation was used in the socio-economic diagnosis of the study area. Household inquiries were conducted to derive information on the following aspects: institutions (administrative and traditional), land access and tenure, land value (social and economic), family size, education, farm ownership, economic activities, and economic constraints and opportunities.

Triangulation (or cross-checking), a methodology that combines different techniques to gather the same information, was used, because it involved assessing and comparing findings from several sources and often from three angles (hence triangulated) (Mouton, 2001). From each angle, the data could be extracted at different levels. For example, within a local community, there are key informants,

focus groups and household questionnaires. Cross-checking can also be carried out by using the same methods with different individuals or groups to explore the same issues or set of issues.

Also, direct observations and oral and local histories were recorded and utilised. All informants were interviewed formally and informally. The subjects surveyed included local government officials (district administrator, district director of agriculture and rural development and district rural extension workers), local authorities (chief of administrative post, secretaries of the localities and community leaders), teachers, nurses, vendors, NGO officials and villagers of different social status.

Structured interviews were conducted with the primary target group, which consisted of approximately 80 households in three villages in Mogovolas, characterised by production of different cash crops such as cotton, cashews and maize. The rationale for selection of these three case studies is that each crop requires differing and particular dynamics regarding demand for land. Records were made of any historical trend on informal land markets, of customary practices of controlling land transactions, of systems of land access and allocation, and of perceptions and attitudes of local communities on informal land markets.

UNIVERSITY of the

The model of qualitative interviews, as described by Babbie and Mouton (2001), emphasises the relativism of perceptions and participation. However, such interviews were conducted because, in spite of their relativism, they have explanatory power and can be designed to suit individual circumstances and they allow interviewees to explain their experiences in depth (Piore, 1979).

Semi-structured interviews were conducted with a secondary target group comprising selected key stakeholders: government officials, traditional authorities, NGOs, and researchers. They were used to address matters such as the understanding of the role of local institutions, trends, and views from a variety of interest groups. Officials from the Ministry of Agriculture in Maputo and project officials of NGOs working in the Nampula and Mogovolas districts were also interviewed. In the Mogovolas villages, local government authorities, including the district administrator and assistants, the chief administrative officer for the Lalaua administrative post, and the district director of the Directorate of Agriculture and Rural Development and staff were interviewed.

Focus group discussions were carried out with participants in order to encourage a collective response and identify differences in opinion as well as consensus within the group. This method was found to be valuable in establishing a common ground, which helped to complement the household survey. Four focus group discussions were held with both males and females, with numbers of respondents in groups ranging from 5 to 10, to obtain divergent community views on informal land markets.

Observations were used to obtain an in-depth picture of the existing and potential performance on land use, the distribution and concentration of population and other issues related to the land administration and investments in land in the villages.

Secondary data material was also reviewed. These included published and unpublished articles, books, government documents policies, legal frameworks and reports in newspapers, theses and Internet sources. Findings or data collected are presented in maps, diagrams, tables, text boxes, figures, and quotations.

Data processing and analysis – After collecting the data, the data were categorised according to the study objectives. Qualitative data has been listed in the form of quotes and statements. The quantitative data was analysed using simple tabulation and graphs were used. After processing and analysis of the data, a report has been written manually and then typed on a Microsoft word processor to form the final research report.

3.4. Description of Case Study Area

Mogovolas is one of the districts where there is an intense use of natural resources due to poverty, amongst other things (Cruzeiro do Sul, 2002). The researcher is familiar with the area, having previously conducted research in Nampula province. This village also has a history of conflicts over resource use, including land, which made it appropriate and relevant for this study to be conducted in some villages of this district.

A case study in the Nampula province, particularly in Mogovolas, also seemed appropriate as other case studies have already been conducted there (Mole, 1998; Cruzeiro do Sul, 2002; De Marule, 2002, 2003; Baloi, 2000). This study area was also chosen because, according to previous research, the informal land market in

Mogovolas have been growing over the past 50 years, linked with introduction of cash crops such as cashews and cotton.

However, previous studies conducted in this study area, even though focused on rural economy, placed more emphasis on agriculture and poverty, access and control over the land use and economic issues around the resource. This study hopes to contribute to these earlier studies by focusing on the functioning of informal land markets and their impact on rural economy.

Mozambique's agricultural sector has shown remarkable progress in the recent past, with rural poverty declining by 16% from 1996/7 to 2002/3. Increased smallholder agricultural production was a fundamental part of this impressive achievement, and rural inequality increased only slightly because the decline in poverty was broad-based (Hanlon, 2007). The non-farm economy also performed strongly, including small businesses and increased self-employment related to extracting natural resources, as well as increased wage labour opportunities. These factors contributed to reducing rural poverty; however, despite substantial growth of the agricultural and rural non-farm sectors, poverty remains widespread.

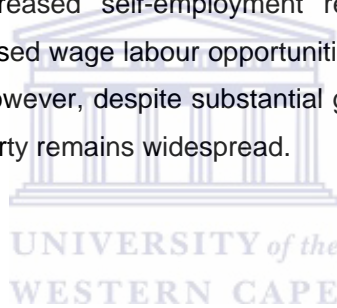
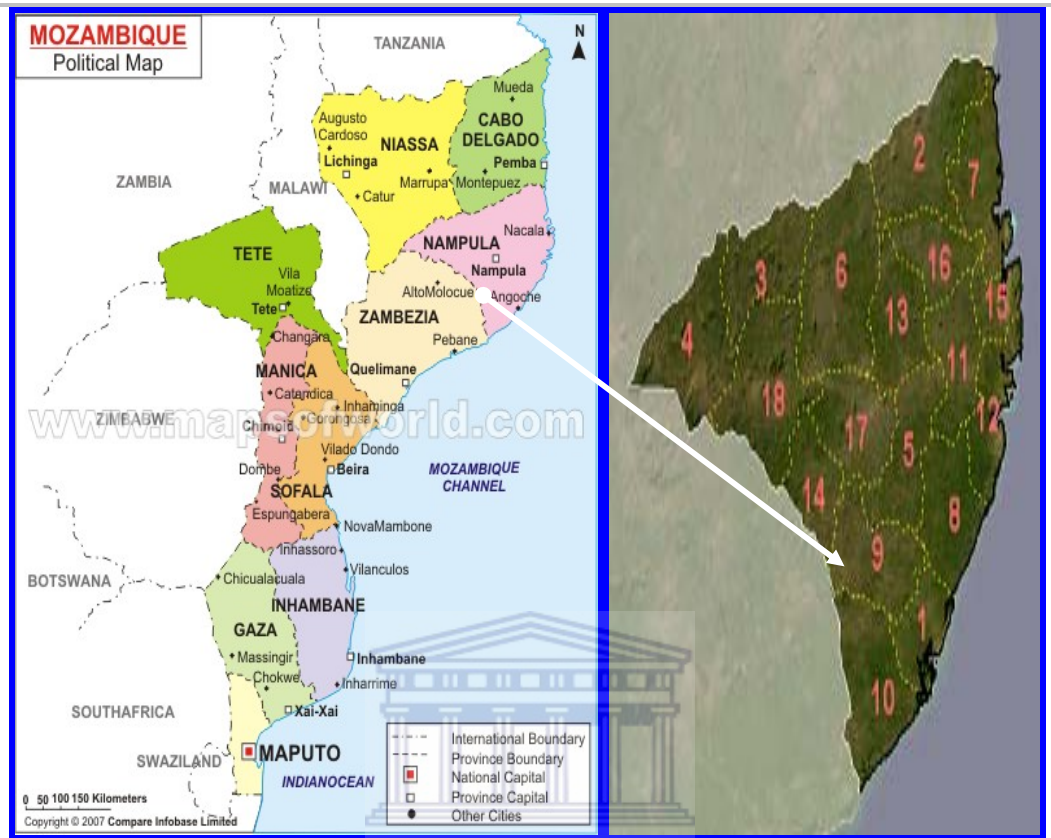


Figure 2: Map of Mogovolas district in Nampula and Mozambican context



Source: www.mapworld.com & www.malibrary.com

Mogovolas is district number 9 in Nampula province, located between $15^{\circ}54'29''$ south and $39^{\circ}03'41''$ east. Mogovolas lies about nine kilometres inland, between Meconta and Nampula to the North, the districts of Angoche and Moma to the south, Mongicual to the east, and the districts of Murrupula and Gile to the west (in Zambezia province).

Mogovolas is a summer rainfall area, with a mean annual rainfall of about 1 200 mm, with at least 50 mm being expected every month of the year. However, despite this abundant rainfall, crop production is limited by poor soil conditions in some areas. The soils are sandy, highly leached and relatively shallow (Metier, 2005). This high rainfall is also one of the things that attracted immigrants from other parts of the Angoche and Nampula districts. In addition to good rainfall, the area has a average temperature of 25°C in summer and 20°C in winter, something that presents an opportunity for farming throughout the year. There is a valley formed by the Mecuburi and Lurio rivers.

3.5. Administration and Infrastructures

The main ethnic group in Mogovolas is the Macuas, most of whom are practitioners of the Islam religion. The district is composed of five administrative posts, namely, Nametil, Calipo, Iuluti, Muatua and Nanhupo. The district is ruled by an administrator who has an administrative staff of 40 persons, only 3 of whom are women, who cover several areas of public administration based on the central structure of the state.

The participation of people in the public life of the district is guaranteed by traditional chiefs and the CDLs (Committee for Local Development – a kind of local Community Based Organization CBO).

Mogovolas has very minimal infrastructure. Electricity was installed in 2004 but running water is not available. People rely on streams for water and other sources of energy, such as solar power and wood for fuel. They walk long distances to collect both wood and water. Roads are equally inadequate, often making it almost impossible to reach certain parts of the villages by car. During rainy days, even the main roads going through the villages are often damaged. There are 111 schools in the district, and these include 105 primary schools and 6 secondary schools. There is no school in any village that goes up to Grade 12. Access to health facilities is also inadequate. In previous years, villagers would either walk long distances or take a bus to Nametil hospital.

3.6. Economy and Livelihoods

Agriculture is the most dominant livelihood strategy in Mogovolas. Crop production appears to be the major activity that guarantees basic livelihoods for villagers, in spite of the lack of agricultural support. Most of the households are involved in crop production, mainly for consumption and to a smaller extent for sale. In terms of labour, most households rely primarily on household labour, mutual aid or work parties. The planting season begins in the middle of October, while harvesting takes place between May and July. Maize is the most popular crop, then cassava, followed by beans and crops such as peanuts and rice. In previous years, crop production was mainly for home consumption. However, production for cash, such as cashews and cotton, has been a tradition in the district since the colonial time. Improved schooling has also contributed to fallow fields, as nowadays, unlike in past years, most children go to school, resulting in less labour being available to help in the fields. Most, if not

all, villagers commonly practice subsistence agriculture, collection of thatch grass for domestic purposes, the use of forest resources and collection of wood for fuel.

Harvesting of natural resources for subsistence consumption and trade is of increasing significance for poor villagers, particularly women, in Mogovolas. These natural resources include medicinal plants, herbs and fuel wood. Medicinal plants are obtained in communal lands, with some people growing other types of medicinal plants in their home yards. Villagers mostly harvest medicinal plants for the purpose of selling at the popular market area in Nampula. Collection of precious stones from Chalaua mines for sale is also a common practice amongst villagers. Traders sell these stones to foreigners such Nigerians or Indians and ordinary Mozambicans.

Most of the land in the district is under customary systems of management. There are a total of 148.000 plots and 62% are less than one hectare and cover 34% of the total area of the district. There is a signal of land concentration given that 8% of concessions controlling 26% of land within the district (Métier, 2005).

Formal employment is one of most important means of livelihood in the area, but not many people have formal jobs. Those with formal jobs either work in local schools as teachers, in the clinic, in the cotton factory LOMACO or as government officials. Other villagers can only manage to get piece jobs when they are available either from other villagers, the nature reserve or anywhere where they can manage to get these kinds of jobs. This may include weeding, house cleaning, building a fence or looking after somebody else's livestock as a herder. Payment is either cash or in the form of food or agricultural produce.

Self-employment is also one means of making a livelihood in the village. This mostly includes building houses, erecting livestock stalls and brick and roof making. The majority of people involved are men who gained skills while they were migrant workers, although some women are also involved.

Kin dependency is important for deriving livelihoods in the area. Most people who are jobless, no matter what their age is, depend on relatives and help either with household tasks or field cultivation. There is also a common practice in this village of helping the needy in return for some other form of favour. For example, orphans or children with parents who are unable to support them are informally adopted by other households, who would be able to support them. When a person adopts, the

agreement is that the adopter should be able to feed, clothe and take the child to school, and in return, the child would help around at home and in the fields or with whatever the adopter needs to be helped with. Villagers, mostly older people with no children or who have children who do not stay at home, are involved in this kind of informal contract.

In the past few years, the number of households entering into informal business has grown and they are producing crops such rice, beans grains, and maize and selling fuel wood, other woods or charcoal. The trading of grocery items is mostly practiced by households that are considered to be wealthier. Some of them also sell cooked items. Trading in traditional alcoholic drinks and marijuana (cannabis) is also common and it is mostly practiced in households headed by females. The alcoholic drinks being sold can either be traditional beer, which is home brewed, or bottled beer purchased from stores.



CHAPTER 4: EVIDENCE FROM MOGOVOLAS ON INFORMAL LAND MARKETS

This chapter presents the findings on the dynamics of the informal land market in the Mogovolas district, providing a better understanding of people's livelihoods as well as analysing some empirical data collected in the field.

4.1. Introduction

The chapter is divided into 10 sections, according to the thesis objectives. Following this introduction, the next section provides the socio-economic profile and details of the livelihoods of the people who were interviewed. This is followed by sections that deal with the knowledge of laws, participation in informal land markets (demand factors and supply factors), people's perceptions of land transactions, the role of institutions such as the state, traditional authorities and NGO's, and on the other hand, households. The concluding section discusses the various challenges and opportunities arising from land markets in Mogovolas.

4.2. Socioeconomic Profiles and Livelihoods of Respondents

This section deals with the characteristics of the households that were examined and allows one to contextualise the sample characteristics within the broad population of the district.

Data was gathered over a period of three weeks (April, 2006) with about four to six interviews per day. Interviews were normally done during the day by appointment. In Mozambique, April is a rainy season and the roads are often impassable; this and other logistic constraints largely contributed to the gathering of data from just 72 households (n=72) from the 80 households that were previously selected (i.e., 90%).

The majority of respondents (73.6%) were male, and 26.4% were female. Precisely 68% identified themselves as natives of Mogovolas. Those not born in the area (32% of the sample) were either married to a local inhabitant, followed relatives to the area, or moved into the area because of resources availability. Those who moved there for reasons such as business, employment or having served as a soldier, teachers, nurse or government official in the area stayed on after retirement rather than return to their area of origin.

The main target group for interview was the household heads, considering that in the Mozambican rural system, they are seen as the family representatives. Where the household head was absent, the spouse was interviewed. In the absence of the spouse, the next eldest family member was interviewed and classified as “other member of family”.

The major imbalance in terms of the gender of respondents — 68 % were male and 18% were female — could be attributed to the fact that many women felt that their husbands would be better informants than themselves.

From the sample used for this case study, it can be generally assumed that in this community, families are based on a patriarchal system where the majority of households are headed by a male, albeit that the family systems are usually matrilineal (Geffray, 1990).

Most respondents (93.2%) were peasants and depended primarily on agriculture for their livelihoods; 2.8% were employed in local small cashew nut factories. In addition to agriculture, people engage also in a range of other income generating activities, according to capabilities and time labour allocation within the household, for example, firewood collection, open cash mining and clay pot making. Three-quarters of respondents had a bicycle but only 22% had a radio.

On average, the respondents' earnings per month were 20 000 mt in cash, plus income in kind. Cash income is under the poverty line, estimated at 720 000 mt per month or US\$ 30 dollar (Cruzeiro do Sul,2002). For the average household, apparently the “in-kind income” is worth more than the cash.

The diversification of income sources is linked to the impact of endogenous and exogenous constraints in the local economy. First, there is relatively little money in circulation in the locality, compared with cities; for example, there are no banks, no shops, and a lack of employment opportunities: only 4% of respondents are employed and this is only on a seasonal basis. Second, there is a low cash expense per household (the cash is mainly allocated for the children's school fees, health remedies, sugar, soap and cooking oil). And third, there is the depreciation of the international terms of trading for local agricultural commodities such as cotton and cashews.

Households consisting of more than five members are not frequent, with only 16.7% falling into this category. From the study sample, only 7% (or 5 respondents) indicated that Mogovolas serves as a secondary home or their 'other' home. In terms of marital status, 30% are in traditional or religious marriage, 48% are not married but living in a marital situation, 10% are single, widowed or divorced, and 12% are in polygamous marriages involving two or three wives. In terms of religion, the majority of respondents are Christian (51.4%), with the remainder being Muslim (23.6%) or without religion (25%).

Regarding the educational profile of respondents, no members of the community have a university degree and just 11.1% of respondents have a secondary school qualification (most of them are local teachers and nurses). The average of household members without any schooling (illiterate) was 78%; 10.9% of respondents have primary school and know how to write and how to calculate.

The majority of the sample respondents (73%) have one plot, 16.7% have two plots and there are a few households with three plots (9.7%). They use lands according to the cultivation periods (cold or hot) and the type of crops; in general, they use crop rotations alternating with fallow periods to manage lands.

The men are mostly involved in cultivation of cash crops such as cotton, cashew nuts, rice, vegetables and bananas; while women are more involved in cultivation of food crops for consumption within the household.

4.3. Land Tenure Practices

According to the respondents, women have privileged access and control over land, through inheritance. They have relatively more security on land access because the customary tenure law is matrilineal; however, that does not imply that they have full guarantee on the inheritance and propriety rights on the land, because in practice the tenure rights are held by the men in the lineage and women have access rights only.

Lately, there is an increasing pressure to procure productive land access, an increase in land disputes and the emergence of an informal land market. The scenario of land started to change 20 years ago when people returned to their former lands, which they had worked before the civil war between RENAMO and FRELIMO. Also, the capacity to access new and fertile land is increasingly linked to the ability to

pay, causing some people to move to less densely populated areas in search of land. In both these aspects, it would further seem that men are at an advantage over women because they have better access to resources and money and their power control is legitimised by the statutory and customary system. The number of written land titles remains very low: only 5 respondents' hold land titles and these are all larger farmers (above 4 hectares), private sector investor or absentee land owners. This shows how land is held in customary systems and consequently by informal modes.

Only 7% (or 5 respondents) have any knowledge about the new land law and their rights. The lack of rights knowledge suggests three aspects: first, the customary tenure norms (matrilineal) still operate widely in Mogovolas, second, people might know about the law but choose to ignore it and operate informally, and third, they are unable to enforce it.

Regarding community involvement in land meetings, the data collected shows that in the last two years, only 30% of the surveyed people participated in at least one meeting about land and natural resources. This shows that either the involvement of the community member may be irregular or that the majority do not attend meetings at all.

The results reveal that the degree of implementation depends on the involvement and knowledge of the land law by stakeholders, including institutions and communities. At institutional level, the NGOs were the more actively involved, and the government received the least requests to deal with the problems of land.

It is also interesting to know who took the initiative to organise land meetings. According to the interviewees, there are five types of land meetings in place in Mogovolas:

- i) the land law dissemination (the same message of the land campaign);
- ii) the community consultations;
- iii) the land delimitations;
- iv) land or natural resources conflict resolutions; and
- v) land natural resources management committee or CDLs¹⁴.

¹⁴ Committee for Local Development is the designation of a community-based organization.

It was found that NGOs were the main drivers of the land meeting process in Mogovolas: approximately 75% of the meetings with the people in the whole sample were organised through the initiative of NGOs and traditional authorities' land management committees or CDLs. The state, through the Ministry of Agriculture staff, organised approximately 25% of the meetings, mostly for community consultations¹⁵.

The traditional authorities were shown to play a relevant role in the process of identifying land and consulting the community members and conflict resolution. The chief absentees were the provincial land administration services, which have the responsibility to inform people about land rights. Only one quarter of the meetings in which the interviewees participated had been organised by them. Theoretically, anyone can obtain a copy of the land law from the Public Information Bureau or the official press. In practice, very few local people have been informed in this regard, but at same time, there are constraints due to lack of reading skills as most of the household respondents are illiterate.

4.4. Participation in Informal Land Markets

The participation of households in informal land markets is determined by both demand factors and supply factors¹⁶. Demand factors are mostly characterised by purchases (of land, trees, houses and crops) and some leases (of land, crops and trees) involving newcomers. Supply factors are mostly determined by sellers of marginal lands with houses, trees, and crops involving traditional chiefs or land owners with surplus land.

Thus, in general, the market mechanisms described above imply exchanges of land based on type of rights (limited, definitive or partial) transferred, which involve any form of compensation in cash, goods or services. These include land sales, purchases, rentals out or in and some specific types of borrowing which involve "gifts or compensations" to the land rights' owner. In the context of the study area (rural),

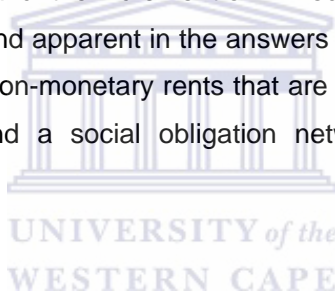
¹⁵ Community consultations are the process whereby the state authorities present the investor to the community and this is done to enable the state to sanction permission for the entry of the investor by showing the community what benefits this can bring to community life in exchange for the land allocated.

¹⁶ These factors can be exogenous when buyers or sellers are motivated by outside reasons to pursue informal land markets, for example, population growth, and demand from foreigners or people from the cities. And endogenous reasons are when buyers or sellers are motivated by inside reasons to pursue informal land market paths, for example, when there is illness, need for money and increase of land needs.

those transactions fit into the informal category because they are not based on formalised arrangements such as a written contract or document issued by the state.

As mentioned before, the pressure on land access in Mogovolas has been increasing significantly. People from the cities are moving to the rural areas with the objective of investing in agriculture and building a *quintas*, a type of cottage farm. The *quintas* typically are small in size (0.5-4ha), but are sometimes more, depending on the objectives of owners. They usually produce vegetables, fruits, and livestock, which are used mainly for consumption and the surplus, is sold in urban areas.

Those household respondents who reported having bought or sold land mentioned two main reasons for this: special occasions and the need to increase agricultural yields. Special occasions included young couples getting married and landless immigrants arriving in the area. The second one is linked to the existence of two reasons for systematic demand: the increment of immediate benefits and investment. However, there is a third trend apparent in the answers that points to aspects related to the registration of some non-monetary rents that are linked with in-kind payments, sharecropping contracts and a social obligation network such as exchange of favours.



Box 1: Participation in Informal Land Markets

Mr. Mohamed Assane was born in Angoche neighbouring district of 1973 and is one of the prominent people of Muva village. He inherited in 1993 a piece of land from his maternal uncle who worked for a local cashew company, but in 2001 he bought a further 5 ha for cotton cultivation it costs 20 millions Metical; he also spent 2 millions Metical on building materials (cement and zinc) .When asked the actual price for he plot today is said it value is around 40 millions Metical.

Ms. Rosa Pahi, 27, a widow with 2 sons and 1 daughter, has a small plot of land, a house and some (38) cashew trees. In order to improve her income she rented-in a plot of land on an irrigation scheme for horticulture (carrots, tomatoes, lettuce, cabbage, etc). She pays rent in the form of a share of her crop or with cash; since last year she prefer pay a 400 thousand Metical per six months.

Most households (92%) in the villages of Mogovolas cultivate one or more fields. The plots are typically situated slightly distant from each other because farmers say it is important for them to take advantage of different soil types and localised patterns of precipitation. Normally, a husband and each wife have their own separate fields. A quarter of them (25%) acquired land through the informal market in the last five years.

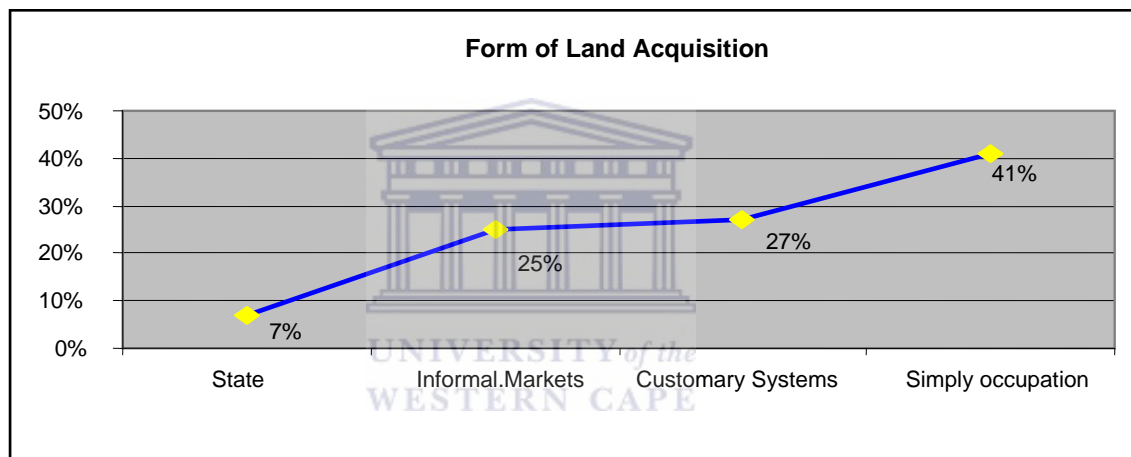
The box above describes two different cases of participation in informal land markets. The first case is a middle-income earner who invests to improve his income by the sale of cash crops on the agricultural market through buying land. In the second case, the actor is a low-income individual who was trying to diversify her sources of livelihood by renting land in an irrigation scheme.

The expression “access to land” is used to mean the set of rules and regulations that constitute the land-use system. In Mozambique, land is owned by the state, but the latter does not have the exclusive role of allocating land. The Land Law of 1997 rules that the transmission of land-use rights, and consequently access to land, may be done in four different ways: (i) through direct state allocation as the consequence of an explicit request and approval of the respective land-use plan; (ii) by allocation in the context of customary rights systems by chiefs or inheritance; (iii) by simple

occupation or self-service, individually or collectively; and (iv) indirectly, through the transmission of goods located¹⁷ on the plot, normally involving earning mechanisms for urban areas, but this implies the automatic transmission of the use rights of the entire plot. For the analytic purposes of the study, transmission through the informal land market is assumed.

Figure 3 shows the patterns of land acquisition in the Mogovolas district, based on data collected in the field. Simple occupation or self-service is the most common form of land access in Mogovolas district (41% of the cases studied), and state allocation proved to be the most insignificant category.

Figure 3: Form of Land Acquisition



The observed patterns of land acquisition confirm the arguments of scholars such as Bruce (1993), Lund (2002), Benjamisen (2002), Saajast (2003), and Woodhouse and Chimhowu (2005): that access to land in sub-Saharan Africa continues to be determined by customary systems of tenure that evolved over time under local and colonial influences. In Mogovolas, it was observed that plots allocated directly through the state represent less than 7%, that customary systems are responsible for 27% of cases, that simple occupation or self-service represent 41%, and the remaining 25% of the cases occurred through informal land markets.

The analysis of the data represented in the chart allows one to conclude that access through customary system or through simple occupation remains the predominant form of land acquisition in the Mogovolas district.

¹⁷ Not necessarily the land.

Analysis of the respondents' perspectives indicate the gradual replacement of the customary by the informal land markets in Mogovolas. The informal markets have existed and operated within the customary system longer than 70 years in the district but have become more prominent in the rural areas such as Mogovolas since the end of the civil war and the resettlement of Mozambican refugees from neighbouring countries, such as Malawi and Tanzania, and cities, such as Nampula.

However, because of state officials corruption and the lack of resources and means to create the minimum conditions to control and manage the land allocations; consequently, the land is first occupied and only afterwards, in some cases, is plot demarcation and infrastructure such as water, sanitation and electricity developed.

Most of respondents acquired land by self-service or simply by occupation, but in the meantime, they participated in informal land markets as buyers, sellers, lessees and borrowers. For those people who participated in informal land markets, most of them (68%) paid in kind (e.g., with zinc sheets or through a sharecropping agreement), and the remaining 32% paid in cash; the average cash payment for purchase was 25 million meticals¹⁸ per hectare or plot. In informal land market transactions of land within the district, there is no fixed price, but both buyers and sellers agree on a price. There is heterogeneity of participants as they have different endowments of productive factors, land and labour.

While analysing the collected data, it can be observed that there are significant differences between the forms of acquiring land and the characteristics of the heads of households¹⁹.

Analysis of the data suggests three categories of buyers. A first group derives from a new generation of what may be called the 'local investors' of rural Africa. Using income earned from a full-time job and the knowledge and influence gained from bureaucratic or liberal professions, they usually buy land to take advantage of new opportunities in agriculture. Amongst these are some people from Nampula city, some business people and some state officials. Seeking land in communal areas is

¹⁸ Metical (MT) is the Mozambican currency. The exchange rate with the South African rand is R1 = 4.000 MT.

¹⁹ *Household* indicates people living in the same space, i.e. sharing "the same roof and the same pot", independently of having or not having a direct family relationship.

one way of gaining access to land without the cost of official registration and the other procedures involved in formal land markets.

A second group consists mostly of migrants, who, lacking any customary land rights in the areas to which they have moved, usually resort to informality to buy or rent land. In this group are many people from the neighbouring Angoche district (Woodhouse et al. 2006).

The third group usually consists of those with rights to land through customary systems but, where land is scarce, have to resort to land purchase or rental, often from a chief or senior male relative with land to spare. Although buying or renting from a relative, they still pay the going market rate. Amongst these are some young people and some former *epota* (slaves).²⁰

In general, excluding the young couples and ex-*expota*, the buyers whose access to land is through simple occupation are those whose family size is the biggest, on average five people per household, and whose ratio between number of people farming and number of family members is the lowest, one or at the least two members are engaged in agriculture, and they otherwise use contract labour. They are also those households whose percentage of young people is higher, while the percentage of older people is lower; and they have the highest percentage of heads of households with primary education.

As explained in the beginning of this section, participation in markets is determined by several factors. When supplier and demander of land meet, they agree on the price and form of payment according to the type of market transaction they require, for example, buy, sell, rent in, rent out, or borrow (either to or from one another).

According to the respondents, land sellers or renters in Mogovolas are generally more difficult to identify than buyers, in part due to the possible contestation of land sales by others, notably kin, who are able to press competing customary claims to the same land.

Key sellers of land in Mogovolas are what Woodhouse and Chimhowu (2006) and Berry (1993) have described as senior African men who control customary lands in matrilineal systems, such as those of the Macua. In Mogovolas, there are traditional

²⁰ See section 4.8.

chiefs or lineage heads whose authority over land derives from prior claims of ancestors through first settlement and cultivation, or through conquest.

The traditional chiefs²¹ are, in general, considered as guardians in the informal land markets and are often called upon to support or approve the land transactions, even where land allocation responsibility is vested in other local individuals or institutions such as the natural resources management committees and land administrations.

Empirical evidence gathered in Mogovolas also indicates that explicit sale and alienation of communal land by households or traditional chiefs is more likely to occur in certain circumstances, such as in response not only to changing economic constraints and opportunities but also to political pressures. Key informants highlighted that during the year 2002, local government pressure for appropriation of customary land for mining was a factor that precipitated the private sale of land by customary leaders rather than waiting for lower levels of compensation following state appropriation.

For the respondents, the consequences of the development of informal land markets in Mogovolas district are perceived from two perspectives. First is that land sales of land inevitably works to the disadvantage of those with lower purchasing power, thus threatening reduced access to land and potentially further impoverishment for the poorer among existing land users, and that rentals are more friendly to those with a low income. Second, and amplifying the first, is the concern that informal land markets are socially embedded within the social relations of Macua society, while increasing competition and social conflict around land.

Most rent-out cases involve people within the community who have more than two plots of land in different places and, because of financial constraints, are not able to manage the surplus land so decide to lend or rent it to their relatives, friends or newcomers.

However, some discussion has been recorded concerning whether borrowing can be considered as a market transaction. According to the persons interviewed, borrowing is another form of informal land market as most of household respondents consider that fits into the rental category; saying that “people don’t borrow a land without a

²¹ *Regulos* in Portuguese, *Mwenes* in Macua.

kind of compensation mechanism". According to respondents, the key indicator of trading of land is the transition from the gifts historically expected as tokens of acknowledgement of customary authority and of anticipated reciprocity, to payments more closely related to exchange values of the land.

This is not always easy to define, but although land transfers based on market exchange derive from quite a different set of values from those of reciprocity, it is possible to understand a transition from one to the other. In particular, the increasing weight placed upon cash, relative to symbolic elements of exchange, and an increasing precision in the borrowers' expectation of what they should receive (e.g., a share of the crop) are indicators of a shift to informal market exchange.



Figure 4: Patterns of Participation in Land Markets

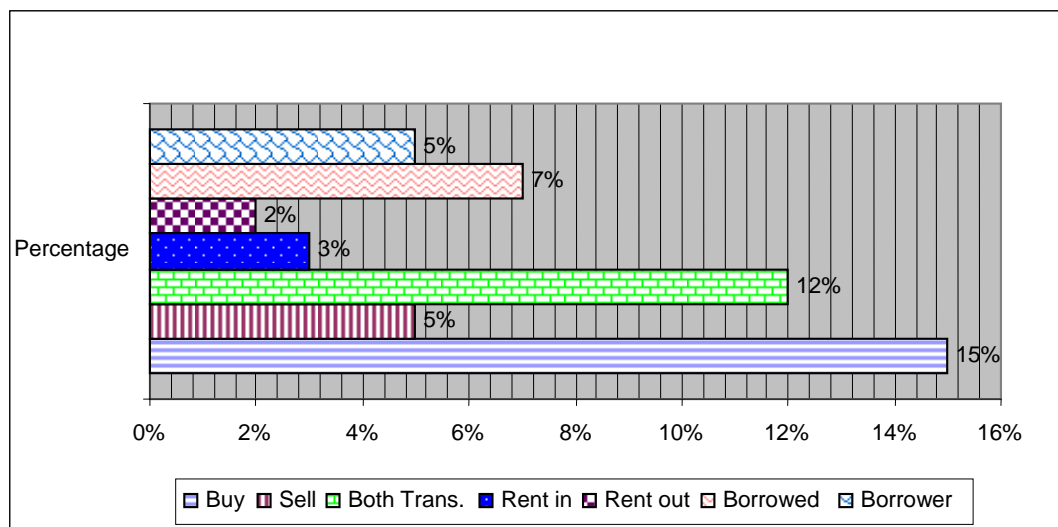


Figure 4 shows that 25% of the respondents participated in land markets over the past 10 years (the lifetime of the new land law); the majority of them (15%) bought land, 5% of them sold land and 5% were involved in a variety of rental or land-sharing arrangements. This shows that more people are involved in buying land than renting; there were relatively few rental transactions (just 2% rent out land and 3% rent in). The result shows that the households participated in informal land markets in supply and demand simultaneously or in different times of their lives, according to their needs (see the example in Box 1 above).

4.5. Transactions in Informal Land Markets

The new legal framework has been in place since 1997 and was intended to protect land rights, particularly customary rights. In practice, there are several ways in which households gain access to lands. In the Mogovolas district, the meaning of informal land market transactions assumes a diversity of types (as demonstrated in chapter 2). In order to understand what the term *informal land markets* means for people, an analysis of the responses to interviews with the sample group was conducted.

According to the interviewees, many people involved in informal land markets have plots for residence, and some have obtained an additional plot in an irrigation scheme or near the river, and others in rain-feed lands. The size of such plots varies from 1 to 2 ha.

According to the household respondents, within the informal land markets there are no recognised criteria to determine the price of land; however, the evidence shows that the price has been increasing significantly with time. People say they just estimate the prices according to the specific situation; they take into consideration their needs or problems to be solved at that moment, the scarcity within the area, the 'opportunity' cost of land and other such factors.

The total number of respondents (n=72) were asked to address the 'demand' side of the land market by stating a value or price at which they would be willing to sell their land to the market. The majority considered their land to have a value between 20 and 40 million meticals²². The general estimation of the land price in Mogovolas was high because most of the people in the sample did not have to pay for their plots. Prices are more historically, culturally and, to some extent, politically determined.

²² Value in rands between R 5.000 and R 10.000.

Location close to the mine areas appears to be the main factor for high prices. A general perception in the areas is that having a DUAT (certified land use right), infrastructures, trees, food or cash crops and water has a lesser effect on the value of land in a region. For respondents, the value of the land depends more on the zone attributes, the cultural economic status and the political position of the buyer. Only after this evaluation are the land attributes considered.

Their expectations of high land prices appear unrelated to the current economic environment in the Mogovolas district. In some cases, the access to information about the prices induced people to underestimate the prices. Ideally, prices rise and fall in response to demand; assuming that information on market behaviour is freely available. In the informal land market in Mogovolas, the flow of information is considerably reduced, either through a real lack of market activity or through the lack of an institution to monitor reports and publish information regarding the land markets.

i) Customary allocations, in Mogovolas, are based on traditional land management and customary rights, including the system of transmission and inheritance. According to Mogovolas's customary systems, the land is owned collectively by kinship groups and the allocation and distribution of land is done by lineage heads (*regulos or mwenes*). The usufruct rights are granted without discrimination within the group. Virgin lands can, however, be acquired by cleaning and cultivating. Land so acquired can be alienated (requested/inherited) by direct descendants. New land can be opened through request to family leaders and traditional chiefs. This can also be the case with newcomers to an area.

According to interviewees, the procedure for customary allocation of land is as follows: The newcomer head of the household contacts the traditional structures, represented by the traditional chief or the official authorities (represented by the village secretary), to be introduced in the village and to express their desire to live in the village. Then, the traditional chief indicates one chief of an extended family, the one he knows controls a substantial piece of land, expecting him to cede a use right of part of the land area under his control to the new family.

This is a temporary arrangement, which may cease at any time. Given the fact that this arrangement is unsafe, the head of the household will likely search for a more secure land arrangement. This implies that after some time (a year or two), the

newcomer will be able to find a place where a more permanent land access condition can be achieved or negotiate informal land market arrangements through rental or purchase. In the light of these explanations, it is possible to understand the interfaces between the customary, statutory and market mechanisms of land access. The customary authorities were recognised by the new land law and by decree 15/2000, with its function of allocating land and conflict resolution.

When analysing the characteristics of households whose access to land was through customary systems, it was found that these are the largest families, eight people per plot. They show the highest percentage of children, the highest rate of illiterate heads of families, but also the highest percentage of those with primary education. As well as having a family size that is the largest of the different types, this group has a family size greater than the average family size for the Mogovolas district (5). During the interviews, it was explained that these families do allow one or two relatives to live in their houses. These are poor families, who engage in farming through children's labour and who limit accommodation according to their labour needs.

ii) State allocation of land through application presented by individuals or groups to the Ministry of Agriculture or the district services of agriculture occurs when someone identifies land which is free and communicates with the traditional leaders with the intention of avoiding future conflicts. Thus, that person can apply for it formally, presenting a plan of land use. The state presence is almost exclusive in the allocation of plots in the modern irrigation schemes or in plots of more than 1000 hectares.

Those who have access to land through state allocation are characterised by having the second largest number of family members, with six members per plot. They have more adults of working age and the highest percentage, together with those who have access to land through the market, of family heads with secondary school education as well the lowest rate of illiteracy. These are some bureaucrats who benefited from the state housing system. They have the largest portions of land and are willing to transact their rights through the informal land markets through temporary transferences, by renting, or definitively, by selling their property.

iii) Open access or self-service is when individuals, or groups of individuals, have been utilising land for at least 10 years in good faith. For the same reason mentioned

above, there are cases where people occasionally occupied free land and they have been using that land for more than 10 years. The open access takes place mostly in the areas with food crops, rain feed, and grazing fields.

Households whose access to land was through simple occupation or self-service are those whose family size is also the biggest, on average seven people in the same plot, and whose ratio between number of people working and number of family members is the lowest; sometimes only two members are workers. They are also those families whose percentage of young people is lower while the percentage of older people is higher; they occupy the second position concerning the heads of family who are illiterate, and they have the lowest percentage of heads of families with primary education. These are, mainly, rural emigrants looking for jobs who are joining others from the same area of origin. They have small portions of land and are seeking to acquire more land through markets in the centre of the district or in arable areas. Some of them are immigrants from Angoche, others former *epotas*.

iv) In the cases of informal land market transactions, land can be acquired through various market practices, which include acquisition by buying land rights or titles, renting, or borrowing. The market is also active in the modern irrigation²³ schemes within the district but is much more active in the allocation of land in the traditional irrigated schemes and where there are plantations of commercial crops.

Lastly, there is the group which had acquired land through informal land markets. It is the second smallest in family size, five people, has a balance between adults and children and has more heads of families with secondary and higher education. These are families which, unlike the previous group, do not intend to sell or rent their house or plot unless a better house comes up in a more advantageous location. When comparing their forms of land acquisition in order to identify a trend and from the interviews, it can be concluded that the attraction to participate in informal land markets is related to the family head who has primary or secondary school education, and tends to stabilise when the head of the household is older. According to the Survey of Households (IAF, 2003) by the Statistics National Institute, education level is directly related to the family income.

²³ Most of land in Mogovolas is under traditional irrigation scheme, in other words lands located close to the rivers or lakes without an investment in irrigation technologies. Differently modern irrigation schemes are based in sophisticated irrigation water tools using power, all of them are constructed under state investment ,thus the access is trough DUAT or market transactions.

Community members believe that the informal land market is mainly influenced by the customary system and is a very healthy system that allows the transference of assets such as trees, crops and houses. The only negative remark recorded was directed toward the conflicts stirred up by some outsiders who frequently do not respect “gentlemen’s agreements” with the community members, and to the administration officials who accept some benefits to transfer peoples land to urban elites or supposed private investors.

4.6. Perceptions of Government Officials

All the officials of the institutions interviewed believed that informal land markets are “dangerous” for communities, although traditional leaders felt that the informal land markets are the faster but not perfect form of land acquisition in the district.

The main reasons provided by the local government members are linked with the high risks, the lack of regulation, the lack of transparency, and the inexistence of conflict resolution and contracts enforcement between participants of the informal land markets in the Mogovolas.

There were differing opinions on the effect of involvement of poor people in informal land markets. On one hand, the provincial-level officials claim the need for some caution on this matter, saying that informal land markets can be harmful to poor people because in this process they can lose their own land by ‘distress’ sales. On other hand, the position of the local-level officials is the opposite. They state that the informal land market transactions create more benefits than the economic or social costs for the poor, giving them the opportunity of land acquisition and, at same time, the opportunity to transform land into cash. They argue that, in Mogovolas, after labour, land is the most important factor for agricultural advancement and the provision of livelihoods for households; thus, the transferrals of this asset between households and individuals are very crucial for the domestic economy.

The state officials at local level observe that the informal land market is very active in the district but sometimes is a source of conflict between local communities and outsiders. The informal land markets need to be regulated and controlled, because often, some private individuals or investors negotiate land purchases with community members to acquire land and exploit the community. An example of such exploitation

is the Has-Nur Company that purchased many plots of land from people, using the argument that their intention was to attract investment. They promised house building and improved employment conditions through the opening of a factory for the processing of cattle hides and skins. In this context, 300 families agreed with the company arrangements for partial money or in-kind compensations for informal transference of lands rights, which were concluded, and the households relocated to marginal lands²⁴. Five years (from 2000 to 2005) after the business started, people only received the first compensation, but due to financial constraints, the company failed to construct the factory and promises of employment did not take place so people started to return to their former lands. The result was a land conflict with the involvement of 300 families at the centre of the district.

The local government only formally learned of, and was called in to solve, this conflict five years after the deal between the community and company, through the occupation by the former landowners of company land that was already registered in company's name at the local services of the *cadastre* and for which the DUAT had been issued. In the opinion of the district administrator, this conflict could have been avoided because with the right government advice, it was possible to promote a partnership ²⁵between the community and the company, rather than use informal land mechanisms.

According to key informants at the provincial and central level, the role of government in such a matter is to inhibit those informal land transactions because they are prohibited by law and are a main source of land conflicts in rural areas such as Mogovolas. However, it is very difficult to inhibit informal land market operations in Mogovolas because of several factors. Firstly, many people do not know the advantages of the land law; secondly, land is the most important asset and source for livelihoods, and thirdly, according to the administrator, those informal transactions are common and legitimated by customary law since time immemorial. Through this discourse, it is possible to identify a paradox within the law: the law allows the land allocation under customary system patterns, but on the other hand, the law disregards informal land market transactions between individuals: "*Without clear*

²⁴ Interviewees consider marginal lands away from the markets, infrastructures such roads, water, houses and with low productivity.

²⁵ Which is allowed by land law through community land DUAT, as explained extensively in section 2.8 of chapter 2.

orientations from the top, what we are doing is to let people drive the informal land markets because they know how to do that,” the Mogovolas administrator said.

The local director for planning and development said that, frequently, their institution had tried to protect communities in those transactions with some “dubious” investors. The risk of people losing their lands without any compensation is high because, when government attempted to solve the disputes, they would find that there was no written contract between communities and investor; therefore, to find the right solution is very difficult. For instance, it is vital for the state to acknowledge the rights of the people involved and mediate in disputes.

At the district level of state land management, the officials blame the central services in Maputo, and sometimes in the capital of the province, for their a lack of power in decision making. They explain that the central level has the duty to allocate, control, and monitor projects for land planning and to issue the DUAT. These centralised functions make it too difficult for the local state institutions to intervene in informal land markets. The respondents pointed out three main reasons for that: lack of co-ordination among the concerned institutions’ district administration directorate of agriculture and forestry, tourism, mining and geology and environment; a concentration of decisions on central government in Maputo and subsequently in Nampula, for example, the monitoring of DUAT was supposed to be done at the district level, but this does not happen; and the lack of human and technical resources.

The fact is that 12% of land taxes are being directed to the district level to establish a link between the implementation of the land law and promoting an increase in local revenue. However, local administrations are facing a chronic budget deficit to finance activities which include land law implementation and agricultural development. The result of this situation is the use of the amount to support other activities rather than ensure land law implementation, and so informal land markets still operate widely in Mogovolas.

4.7. Perceptions of Traditional Leaders

The traditional leaders interviewed for this study maintained that the informal land market is an instrument to transfer land, houses, trees, crops, and so on, to whoever needs them for productive purposes. The customary law allows these informal land

market transactions (sales, rentals and borrowings). The land market transactions have existed since a long time ago, but they do not know exactly when the practice began. Traditional leaders have always had an important role when someone is willing to transfer land. This person has to have permission or recognition from the chiefs as they are responsible for the social control of land and other communal assets.

Another duty of the traditional authorities is to help in the prevention and resolution of land disputes and interpretation and application of customary laws. Chief Macuta explains why land disputes have increased: *“Today people are demanding the same space that people demanded 10 years ago, no one wants to go too far away from the areas surrounding the district; that situation increases the competition and leads to potential conflicts and some injustices”*.

The land law of 1997 legitimised local land institutions in land allocation. In reference to land access, it is said among the Macua tribe that: “luck follows lineage”. There are eight co-existing lineages in Nametil (centre of the Mogovolas district). Some lineages are regarded by locals as “strong” while others are seen as “weak”. Local opinion is also that when it comes to land issues, those belonging to a “strong” lineage are more likely to get access to more and better land, compared to other households that belong to a lineage considered “weak”.

This system has a connection with poor-land households. Indeed local leaders explained that there were several ways to achieve status and this is linked to the sources of traditional power. There is always one *Nyhimu*²⁶ that assumes supremacy in a determined lineage territory. There are two common forms of gaining legitimacy and conquering supremacy within the communities:

First, longevity in land occupation was the most common way of emerging and obtaining supremacy of traditional power. The kinship that first settled in a certain territory assumed legitimacy over that territory and all other incoming groups of families were expected to recognise the legitimacy of the first group of families and respect it.

²⁶ An aggregate of households under the same intermediate traditional leader.

Second, the quality of land and yields in a situation where agricultural production is the most important economic activity is another determinant of status; the households that did not possess sufficient quality land and productivity become poor. In the past, possessing arable land also increased the social prestige of the lineage leader as well the potential to conquer lands of other lineages by political power or through informal land markets.

All key informants in the category of traditional leader agree that the interactions within informal land markets are heterogeneous and the decisions of land transferences probably change within each lineage and community's arrangements. However, broadly, field evidence shows more similarities than differences in this process; perhaps because of the logic and principles of chiefs' intervention (explained in section 4.5). In fact, the newly approved land law does not recognise explicitly the role of such traditional authorities, although it recognises the role of the local communities. The interpretation of law opens space for communities to be represented by their chiefs or organised by local committees such the CDLs, in the case of this area of study, the Mogovolas district.

According to West and Kloeck-Jenson (1999), the institution, as well as the role, of traditional authorities has changed over time (in some areas from the pre-colonial time up to now). What can be observed nowadays in Mogovolas regarding the role of traditional leaders in the informal land transactions is the result of past actions. The key informants point out that the history of each particular area of the country should be examined if an understanding of the current dynamics in relation to traditional authorities in informal land markets is to be gained. For example, where there are disputes of power today among traditional authorities in delimitation of community lands, knowledge of the history of that village will provide a better position to understand the origins of the dispute. They have also realised that the terminology related to traditional authority varies countrywide and has changed with history. This is also a critical aspect to take into account while seeking ways of better understanding the issue of traditional authorities and informal land markets.

For example, Chief Muele explained the role of social hierarchies in informal land markets and access to others assets. He said that before the independence of Mozambique, it was usual in the lineage groups to consider people in low position to be slaves (*epota*, in the Macua language). Those people and their relatives had a historical disadvantage. A major implication of a slavery situation was that an *epota*

did not have the right to possess land. *Epotas* usually would cultivate the land of their “owners” (the owners being the lineage leaders and nobles of a lineage) in exchange for food. Occasionally, the *epota* was able to escape his/her historical condition (Marrule ,1998). According to the interviewees, in the past and in the present most of those people have negotiated land via informal land markets or borrowing. However, this land tends to be in small portions and less arable, comparatively, than the land of other members of the dominant lineages within the community.

4.8. Perceptions of NGO Officials

The group of NGOs interviewed (ORAM, CLUSA, OLIPA, UNAC, SNV and the Land Forum) are very concerned about these informal land markets. This is because, through informal land transactions, in the long run, many households will lose all their lands to private individuals. Since 1999 until today ORAM, a national NGO, has been working in the Mogovolas district on advocacy and divulgation of land law and community rights, for instance. For those NGOs, it is difficult to inform people about all the risks of informal land markets and about the law and rights of land use for communities and individuals in Mogovolas.

The civil society organisations actually are facing a lack of resources to deliver the message and organise the delimitations in the context of the land law. These activities are difficult to perform because of the mentioned lack of resources and a lack political willingness to secure tenure for communities within the district and in the country.

According to Norfolk (2003) and Tanner (2004), since the approval of the new land law, only 300 community titles have been issued by the national services of land administration. They also reported cases of corruption by government officials in the process of community consultations as part of land allocation, for instance, the case of the Has-Nur Company (as described in section 4.3). Civil society organisations prefer the implementation of partnerships between private sector and communities instead of informal land market transactions.

The main perception of NGO officials is that the informal land markets are distorted and the land administration services are inefficient, corrupt and largely insensitive to customary systems arrangements. The more critical issue is that they confirmed that the demand for land in the district is greater than the capacity of ORAM and the Land

Forum to provide delimitation and community titles. From their experiences in other areas of the country, community titles are the best tool for communities to participate in joint ventures or partnerships with private investors, since the law permits these. According to OLIPA, a local NGO and CLUSA (The League of US Cooperatives), the neighbouring district, Monapo, is an example of a perfect win-win scenario by private sector and communities. Partnership was established with an international cotton company that participates with technology, seeds and markets for production, and the local association of small farmers who co-participate with their land and labour for cotton production.

Some households in the communities negotiate plots of land informally and they do not know the real value of lands or the government plans. Those people determine the price of the land according to the crops, infrastructure or trees. Generally, the price is undervalued; the lack of information about the value of land makes them vulnerable to manipulation by those who have the correct information and sometimes know the procedures of the law and can take advantage of it against the local households.

NGOs identified other two main constraints to the informal land market operations. Sometimes, people borrow land with in-kind or cash compensation to relatives or outsiders, who use the plot for a long time (more than 40 years in some cases). After that, the original owner's family starts a claim for the devolution of the plot. This situation is difficult to resolve because the user of the land does not have a place to go to and generally he or she already has constructed improvements on the plot or established a house and family.

During the field work, the researcher was invited by the Land Forum to participate in a district meeting in which the agenda included the deliberation of the paths to implement the right of sharing of tax revenues. In fact, since 1998, the state has given 16 concessions for private persons, but only one community has its own system of sharing benefits. Participants in the meeting observed that the law is difficult to implement (frequently because of lack of political willingness). The community needs to constitute local committees to manage the shared benefits and open an account at a bank, and provide an accountancy system to manage the money. Only then can the state can make a deposit of 20% of the value on the taxes paid by the concessionary.

Box 2: Distortions and conflicts within informal land markets

The Nauili family is a local family that considers itself victim of the unclear rules on informal land markets. The great-grandfather was the tenant of a medium-sized plot of 3 ha in Nametil in the mid 60s. After 5 years, the land owner offered him the plot and until recently the family regularly gave a small portion of its food crops to the former landowner's family in respect and gratitude. Since 2003, both families have been involved in a tricky land conflict (dispute) because the third generation of the former landowner is claiming the devolution of its ancestors' land.

Actually, the Nauili family are under threat of eviction; they submitted (in 2004) the case to the community court, and the decision was in favour of the former landowner's family. The Nauili family still do not agree with the decision and know that the case is in the local administration. This probably will decide in favour of the Nauili family since the land law rules that those who use land for more than 10 years gain the rights of use automatically.

Interview with ORAM paralegal, 20 April, 2006.

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Box number 2 shows how difficult it is to deal with informal land transactions without a clear legal framework, even within customary arrangements. The situation is quite complex because it started without a witness and formal contract; the agreement was based on words (gentleman's agreement) between two heads of households, members of the community who have since died. Today, the new generations of relatives stand for other moral values and objectives different from those of their ancestors. In this matter, ORAM proposes an equal division of the plot, first because the plot has the house of the Nauili family; and second because the claiming family is in need of more space to help some relatives who have moved from Nampula city to Mogovolas district.

Respondents believed that the competition and operations of informal land markets increased within the Mogovolas district since 2003 for two reasons. First, because of the exploitation of heavy sand mines in the nearby district of Moma, the region became more attractive for work and trade. Second, workers and investors were

drawn to the area after discovery of mines within the Mogovolas district²⁷. The consequence of this is that outsiders, some of them foreigners, bought land from local people through informal brokers. Several NGOs have records of many families that have moved from the Mavuka region because they sold their land to those foreigners or others.

For NGOs, the impact of mines, for example, of gold and precious stones, and the development of forestry (valuable woods and medicinal plants) activate an uncontrolled informal land market. They believe that even traditional arrangements are very weak in this matter: “*We need a very strong state intervention*”. In fact, even now, private concessions for mining do not give any benefit for the people from the district. The case of Muva, Mavuka and Chalaua villages are a good example of this.

The lack of state intervention results from the inexistence of a land plan and decentralised land management systems. Local communities were allowed to explore minerals via associations of miners but these proved quite difficult to operate. In practice, the miners do not have any previous training, adequate tools and plans for prospecting. They are exposed to high health risks and exposed to pressures of the black market and traffickers of gold and minerals.

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According to the NGO agents, most people actually prefer to prospect for gold than to farm for food or cash crops. Mining appears more attractive and to have high returns for households, but the profits from this activity are not enough because it is not easy work; some people can mine for a year without finding any gold or precious stones to provide money to buy food (hunger has increased in the last 3 years for this reason). In the same period, the number of land conflicts has also increased as a result of the high levels of centralisation; for example, the central services of land administration, based in the capital city Maputo, allocated land concessions for mines to private investors that was already occupied by households under customary systems of land management.

According to most of the key informants in this category, the situation of the distorted informal land market has become unsustainable and does not allow for the sharing of benefits by the family sector. The implication of this is that most members of

²⁷The government started to give licences for mining exploitation of precious stones and gold. There were 29 requests for DUATs or special licences for mines.

communities are becoming resistant to the private sector investments within the district.

4.9. Perceptions of Households

One of the questions asked to households was whether respondents thought informal land markets could improve their economic status. It was hoped to establish how people felt about informal transactions on land, whether as a solution or part of a broader problem. From the responses, it appeared that many respondents did not feel that informal land markets would influence their livelihoods significantly, because they have other paths of access to land. As has been described above (section 4.4 of this chapter), beyond market mechanisms, the arrangements for gaining access to land in Mogovolas are several and mostly based on customary systems and self-service in vacant lands. However, the increase in demand for land for mining in recent years has become the major motive for pressure for the acquisition of informal business land in the district. According to respondents, a state intervention to break the anarchy is needed.

The great majority of household respondents (90%) from communities and the private sector assert that the land demand is increasing because the population is growing: new young couples are searching for new plots of land; also the neighbours from the Angoche district are looking for land for subsistence because most of people in Angoche made a living by fishing and in recent years, it has become difficult to get fish. Angochians have started a massive shift to agriculture. Migration from Nampula city to rural districts increased, most people looking for large areas of land for investment. Many finally discovered mines of gold and precious stones. Some respondents (80%) also felt that land markets have been around for a long time and that they are practically part of their lives and tradition on land issues.

According to the household respondents, as informal land markets are not officially allowed, prices tend to be determined according to the will of the buyer and also depending on the actual condition of the seller. For example, landowners sell only when they have a problem such as debt, an emergency, or an illness. At the same time, since the government represses the informal land market, land transfer prices tend to be underestimated. Furthermore, the buyers lack a general framework in which they can compare prices.

Land brought to the informal market is limited and often clandestine. Information about it is usually through oral communication and many intermediaries, including government officials.

The highest proportion (48%) of respondents accessed land by self-service, however, they felt that the process of land distribution and access in the customary system appears to be very complicated and strongly influenced by kinship relations. In fact, self-service of the resources appears to be only “virtual”; for example, people from outside (newcomers) the district or community, even when the portion of land is available, generally are not allowed to occupy the new areas by self-service. A lack of confidence in them and prevention of future conflicts with natives are pointed out as the main reason for that.

The household informants were asked who would have priority in the market, and who would get the most and the quality land? The answer, which has been paraphrased, was very clear: “*The individual from a rich Nyhimo would have priority and have access to more and quality land*”. When asked why, the answer contradicted their previous statement by saying that naturally some people are more lazy than others, therefore the land must be allocated to the people more naturally skilled to deal with it, and the *Regulo* (traditional chief) would think that the “*poor*” individual was not able to “*adequately farm the land*”.

In the course of the interviews, other factors were pointed out as important in determining informal land market access, such as conception of poor soil quality and perceived lack of interest in agriculture. There are many people (especially among the youth and old people) who it was said appear to not like to farm (even a small portion of land for food). It was also said that many of them preferred to engage in small informal businesses even though they would not get enough to feed themselves and their families. In these cases, much of the time it appears that they have to rely on remittances from their parents and some friends with endowments. According to Negrão (2005), these systems are not static and also represent an economic and social form of organisation.

Furthermore, the empirical evidence found shows differences in land possessions within the customary systems in the domain of inheritance and rights of use. There are cases of expropriation of a woman’s land after her husband’s death. The respondent’s explanation is that within the customary systems, the eldest maternal

uncle, the *Atata*²⁸, or the head of household, has power of decision. According to Quan (2000), within informal market transactions, the gender and power questions remain a very important category of analysis.

Thus, land takes a multiplicity of meanings and women have a key role in customary systems as mothers, daughters or wives. Mogovolas is a matrilineal society. The process of land access by inheritance is conducted by the female family group (headed by the maternal uncle). Evidence from the group interviews suggests that since informal land markets in Mogovolas allocate according to purchasing power, processes of commoditisation of land should not discriminate against women, and there is some evidence that land markets may strengthen women's rights to control land, but more efforts are needed to protect women against dispossession under customary systems.

In the case of people being denied access to land because of poor health, the argument encountered was that aged couples lack the ability to farm large amounts of land, even if they have access to it. The participation in informal land markets in Mogovolas involves a range of singular people with different motivations (detailed in section 4.4 of this chapter), in general people from urban areas searching for land for leisure, farms, cattle and mining. Also, it was found that people with lack of land, in general young people, migrants, and local entrepreneurs, are looking for more fertile land to invest in cash crops. Households with access to remittance income from migrant labour have sought to expand their portfolio of land by either renting extra land or 'purchasing' rights to land from both traditional leaders and households.

Some investors who request land in communities create a relationship of partnership²⁹ or act as a strategic partner to the community since they can provide the locals with needed infrastructure, such as water, schools and employment. All respondents indicated that the most frequent informal land transactions are rentals in, rentals out, buying, selling, or borrowing, based on cash or in-kind compensation.

²⁸ The extended family leader in matrilineal systems is the mother's oldest uncle.

²⁹ In the case of natural resources, Mozambique has acquired considerable experience with Community-Based Natural Resources Management (CBNRM). This is considered as one option for local development. Two main axes drive the partnerships, first is dissemination of community rights regarding to land and natural resources, second is the constitution of land and natural resources management committees.

According to Mr. Amade Melufi ³⁰, the impact of informal land markets is difficult to control, *"but we know that land (associated to trees, houses and cash crops) is the most important asset for us; perhaps the market does not affect our livelihoods directly, but the community and customary informal land markets are most important and secure because all of us can have benefits and control over the agreements and resources"*. The individual informal land market is safe when transactions are between local people. It allows some community members to improve their livelihoods better than they can by community business with big enterprises. The land market is a competition for a scarce resource for which the actors need to have valid tools to compete; the formal law provides merely formal equality within the actual inequality that is favourable to the dominant class.

In general, informal land markets between locals are friendly, but there are several problems in the transactions linked to outside people who sometimes, after completing the informal transaction, want to secure their land rights in the statutory law, thereby undermining the previous agreement with the local communities. For example, during the negotiation, the buyer may approve the idea of not building fences on the plot, but after some time, may change his/her mind, and this rapidly becomes a source of conflict.

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The traditional chief was identified as the first entity that has the right of transaction through informal land markets within the community by 56% of respondents, followed by the head of the household (32%) and finally the state (12%).

Almost 90% of people interviewed said that the land transaction is legal when a person communicates with the local chiefs and the land is under his/her own tenure. For the majority of the sample respondents (67%), the traditional chief and the ancestors are the first owners of land in the district with, second was the families (13%), third, the state (10%), fourth, God (6%), and the remaining 4% were the respondents who did not know the owner of the local land.

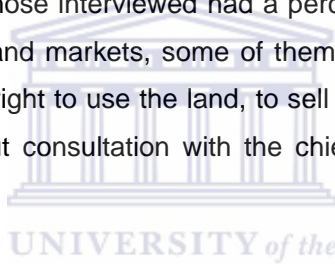
Linked with land markets was the question "What do you think should be the role of the state or others institutions in the informal land markets?" The question was not clear to the respondents. Most of them could not say what should be the role of the state in land issues because they have never felt the state presence on land issues.

³⁰ Interview nr. 22, 22 April 2006.

A few of the respondents believe that the state has the role of assisting and providing technology for production, storing of the yields at local level and organising information about the whole market.

When people have urgent problems to solve, the family and the traditional authorities are consulted first, and when the solution is not addressed, people go to the community courts and administration or to the police. For many respondents, the land market process is a simple change of hands from the land user, including its trees and other benefits or assets. The following is the sequence of responses on knowledge of and first time hearing about informal land markets: 80% of respondents had heard about informal land markets a long time ago (some more than 20 years ago); 12,3% recently, that is between 5 and 10 years, 5.7% during the interview, and 2% had never heard about them.

A considerable number of those interviewed had a perception that there are several rights involved in informal land markets, some of them definitive and others partial. The principal rights are the right to use the land, to sell fruits, and not sell to another user or erect fences without consultation with the chief or a representative of the community.



Asked to elaborate about the conflict, respondents asserted that land administration services are the most frequently blamed for its creation because of

- i) the unplanned location of foreign investment demands;
- ii) the lack of transparent procedures in relation to land allocation, between different land uses;
- iii) questionable practices regarding the utilisation of forest and wildlife;
- iv) the fact that land is becoming the main commodity in Mogovolas.

Traditional institutions are identified as the most interventionist endogenous institutions in informal land market matters or conflicts. The state, with its exogenous approach, has a small or sporadic role in time of consultations and delimitations. ORAM, as a transversal institution, was named as the most important non Governmental institution dealing with land issues in the district; the main involvement of this organisation is linked with land law and rights publication and, on other hand, with delimitations, but it does not deal directly with informal land markets.

The data collected in Mogovolas district illustrated that the majority of respondent have a low income household and the principal source of income is on farm, which means land is an important asset to these families.

Perceptions of land markets were based on community experiences, over time the main perception of participants is that those transactions help people access land. Despite their prevalence, market-based forms of access to land remain governed by customary tenure, and the associated land transactions in these facto 'vernacular' land markets have no statutory protection.

A guarantee to access and security of land tenure are indispensable elements for poverty reduction. This is not only because the majority of the poor are by far dependent on land resources, but also because it is in the land, and in activities which depend on land, that the highest value productive investments are concentrated, and these will have a multiplying effect on poverty reduction.



CHAPTER 5: DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1. Introduction

This thesis sought to analyse the dynamics of informal land markets in rural areas. The study focuses on rural poor people in the Mogovolas district of the Nampula province, in northern Mozambique.

These dynamics included economic, institutional and social aspects of informal land markets. Additionally, and perhaps of major importance, the study attempted to explore the perceptions and benefits of informal land markets, in the livelihoods of Mogovolas people. To achieve these objectives, a strategy comprising two approaches was used. Firstly, a theoretical review was done, to discuss both international and African debate on informal land markets with regard to different views on informal land markets in Mozambique. The theoretical review also covered the political economy of land in Mozambique. Secondly, empirical evidence was systematised in the form of a case study of the perceptions on informal land markets which was undertaken in the Mogovolas district.

This concluding chapter aims to consolidate several issues that have emerged from the study findings, some from the literature review and the majority from analysis of the case study. This chapter is presented in three major sections. The first section briefly revisits the informal land markets debate and issues associated with these. Secondly, empirical aspects of determinants and functions of the informal land markets and the perceptions of stakeholders, as well as the findings of the study, are discussed. Lastly, the chapter concludes with certain recommendations for policy regarding the informal land market in Mozambique.

Based on discussion of both international and Mozambican evidence, it is possible to conclude that the concept of informal land markets in the African context is largely overlooked by the formal western conception of land markets. The formal conception of land markets ignores the dynamics of vernacular land markets that have been prevalent for longer than a century in most parts of Africa.

Ignorance of vernacular land markets leads to a misconception, rather than adapting and incorporating the dynamics of informal land markets. Informal land markets are not only a matter of regulation but an empirical problem which needs conceptual

clarity. The study puts the discussion on a firmer empirical ground, shifting attention from stereotypes toward the identification of the specific features that would be required to understand the dynamics of informal land markets.

The data collected in the Mogovolas district illustrated that a majority (93%) of respondents are low-income or poor households and the principal source of income is farming, which means that land is the most important asset to these families.

Despite state control over land within the district, informal land markets remain governed by customary systems, and transactions in this vernacular land market have no statutory protection.

5.2. Key Findings

In the course of dissertation, it becomes apparent that the dynamics of informal markets in rural Mogovolas are determined by demand factors and supply factors. These factors can be exogenous when buyers or sellers are motivated by outside reasons to pursue informal land markets, for example, migrations, demand from foreigners or people from the cities, and the development of cash crops such as cashew nuts and cotton. Endogenous reasons are when buyers or sellers are motivated by inside reasons to pursue informal land market paths, for example, when there is population growth, illness, discovery of gold and semi-precious stone mines, forestry exploitation, an urgent need for money and increase of land needs for productive or social motivations. Social reasons may also be involved, such as investing in assets for future or social reasons; for instance, owning large portions of land may convey considerable prestige. Mogovolas is located 90 km from the coast in one of the areas of the Nampula province, where informal land markets are the most developed and which is the most densely populated province of the country (100–250 inhabitants per km).

Compared with the national rate of informal land market activities in the country (11%), Mogovoolas district presents a high scale of informal land transactions .Most respondents (93%) do not have land law knowledge. The lack of knowledge on rights may be due to any of three possible causes: first; the customary tenure norms (matrilineal) still operate widely in Mogovolas; second, people might know about the law but choose to ignore it and operate informally; and third, people feel unable to apply the laws. The results reveal that the degree of implementation depends on the

involvement and knowledge of land law by stakeholders, including institutions and communities.

There are no landless people in Mogovolas but many poor-land households. Under customary systems, purchases are dangerous for poor people for two reasons: the prices are seen as high for low-income households in the district, and there is a trend to push those people to marginal lands. However, renting and borrowing are more suitable for the poor since they allow households to access land close to infrastructures and may also increase income without high risks, since rentals are temporary transfers. Many of the households that participate in purchase and rental markets are both suppliers and demanders of land; the difference is in quality and quantity of land. Usually, foreigners and people from the cities buy land that is well located, with good infrastructures and are large plots, more than two hectares.

Informal land markets in Mogovolas are characterised by five types of markets: for housing, for agriculture or *quintas* (lodges), for small-scale mining and forestry exploitation, and for large investments. The land purchase behaviour reported demonstrates that land acquisition in the sales market continues to be driven mainly by ownership of agricultural assets. Land-scarce households tend to be those with high labour endowments and low amounts of own land and are most likely to demand land in the rental market. Demand for rented land is particularly high among young households, something that indicates the role of rental markets within the family life cycle. In addition, more educated households are less likely to demand land in the rental market, but also emphasising the importance of land rental for the poorer parts of the population who lack alternative assets.

Traditional practices of borrowing can easily convert into leasing or sharecropping when gifts are offered by borrowers who may feel increasing competition for rental property from other rural households. Research also indicated that informal sales markets may emerge gradually, entering into exchanges among members of a group, and then advancing into wider social networks of buyers and sellers, but only after approval of the group or its head.

According to the household respondents, within the informal land markets there are no recognised criteria to determine the price of land; however, the evidence shows that the price has been increasing significantly with time. People say they just estimate the prices according to specific situations; they take into consideration their

needs or problems to be solved at that moment, the scarcity within the area, the opportunity cost of land and other political and social factors. There is no institutional framework or articulation within informal land transactions.

Differing opinions were found on the effect of involvement in informal land markets on poor people. On one hand, the provincial-level officials claim the need for some caution on this matter, saying that the informal land market can be harmful to poor people because in this process they can lose their own land by 'distress' sales. On the other hand, the position of the local-level officials is the opposite. They state that the informal land market transactions create more benefits than the economic or social costs for the poor, giving them the opportunity of land acquisition and, at same time, an opportunity to transform land into cash: they argue that in Mogovolas, after labour, land is most important for agriculture and for providing the livelihoods of households. Thus, the exchange of this asset between households and individuals is crucial for the domestic economy.

The traditional leaders claimed that the informal land market is an instrument to transfer land, houses, trees, crops, and so on, to those who need them for productive purposes. The customary law allows these informal land market transactions (sales, rentals and borrowings). The land market has existed since a long time ago: no one knows exactly when it began. Traditional leaders have an important role when someone is willing to transfer land. This person has to have permission or recognition from the chiefs as they are responsible for the social control of land and other communal assets.

The main perception of NGO officials is that the informal land markets are distorted and the land administration services are inefficient, corrupt and largely insensitive to customary system arrangements. The more critical issue is that they confirmed that the demand for land in the district is faster than the capacity of ORAM and the Land Forum to provide delimitation and community titles. From their experiences in other areas of the country, community titles are the best tool for communities to participate in or joint ventures or partnerships with private investors, since the law permits these. On the other hand, NGOs and advocacy groups generally claim that the operation of land markets systematically prevents poor the to access land and demands heavier state intervention to either support or substitute for markets.

Many respondents did not feel that informal land markets would influence their livelihoods significantly, because they have other paths for access to land. As described above, beyond market mechanisms, the arrangements for gaining access to land in Mogovolas are several and mostly based on customary systems and self-service on vacant lands. However, the increase in demand for land for mining in recent years has become the major motive for pressure for acquisition of informal business land in the district. According to respondents, state intervention is needed to regulate this process.

5.4. Conclusion

These results are important because they challenge traditional wisdom, according to which formalising informal land markets is a *sine qua non* to induce investment in agriculture because it offers security of continued access to land and collateral for formal credit. In some situations, informal land markets may in fact worsen the security of access to land and constrain land transactions: formalisation may increase transaction costs in the circulation of land, create new sources of conflicts, and not add anything to efficiency and sustainability in resource use.

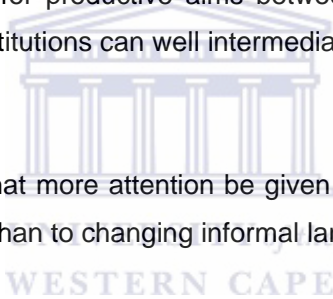
The international debate on informal land markets is characterised by a lack of consensus and various theoretical models, with different implications for informal land markets. However, the theoretical models used are unable to capture and explain some basic particularities of informal transactions of land and economic behaviour of households in rural Africa.

5.3. Recommendations

1. Since the engagement of communities in informal land transactions is evident, and since the government does not seem to recognise this process, it is time that policy makers address themselves to this issue. In the first instance, it is necessary to remove the taboo attached to the selling and buying of land. The government should encourage people with land to sell and those wishing to buy land to come out in the open to carry out their transactions. The question of buying and selling of land has important implications for the whole issue of rural land management. Because land is acquired and developed outside official channels, the government has little control over the whole pattern and direction of rural land development. It is

recommended that the government regulate the informal land markets between commercial farms and within customary systems after detailed studies about their functionality;

2. It is recommended that the state promote an open discussion on land markets in the country;
3. It is recommended that gradualism be applied as an approach for land markets; before any move is made to privatise land or allow market transferences, every existing right (community or individual) must be established and recorded on official *cadastre* services;
4. It is recommended that the state does not intervene in markets within the customary law systems. That means it is not necessary to formalise the transactions of land for productive aims between members of communities because the local institutions can well intermediate the commercial and power relations.
5. It is recommended that more attention be given to agricultural support to the family sector, rather than to changing informal land markets.
6. It is recommended that the state defines a strategy for recognition of rental land markets within the small farmer sector ;
7. It is recommended that the state should create the Land Bank. Existing land fragmentation could be overcome by the development of a Land Bank. The concept behind the Land Bank is the establishment of an institution that would manage state land funds and would trade land after its consolidation. The Land Bank can overcome the existing trade problems relating to small, unattractive parcels of land, and can play a vital role in the land market management.
8. It is recommended that the state should promote Forms of intelligent partnership should be extended to the exploration of forestry and wildlife resources, such as happens already in Tchuma-Tchato, in the Licuáti forest, and which is being planned for the Niassa reserve, for the Gorongosa National Park and for the Maputo reserve. Even in the sector of exploration of



mineral resources, such as gold, the possibility of the small and medium producers becoming partners in business investments is being discussed.



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