

Research Project Land Markets

Cruzeiro do Sul

Research Institute for Development

Project Document

Context

Aims

Framework

Methodology

Activities

Team

Chronogram

Budget

- **In 1970, 0.4% of the enterprises owned 49% of the land in Mozambique, of these, only 0.1 % were bought through the market, which represented 20.2% of the non-explored land.**
- **With independence in 1975, the abandonment of properties, the switch to socialism and the subsequent nationalization of the land, led to the abolishment of transfer, mortgage and seizure of land.**
- **Although abolished, the land market did not cease to exist. A study done in 1991 in the Green Areas (*zonas verdes*) of Maputo, showed that 10% of the land was bought or leased and further 12% was being “lent out”.**
- **Surveys done by Cruzeiro do Sul in 2000 and 2001 in Nampula and Manica, covering around 5000 rural households show that 15% of the families have access to the land by purchasing or leasing.**
- **The Agriculture and livestock census of 1999-2000, however shows that around 5% of agricultural enterprises are on either purchased or leased land and a further 6% are on “loaned” land.**

- **The census shows that 15% of the families in Nampula have access to the land via the market and in Manica 8% of the enterprises do the same.**
- **With the development of the national economy and the adoption of the market economy, the possibility of using land as a capital was raised as:**
 - (i) A collateral for credit
 - (ii) A partnership establishment between the family sector and the private sector,
 - (iii) A means of acquiring money through seizure or mortgage.
- **The combination of the above mentioned facts leads to the pressing need to know the dynamics and the value of the land market in Mozambique.**

1. To identify the dynamics of land market, according to:
 - Location (rural and urban), land-use (agriculture, livestock, fruit-trees, forestry, dwelling) and the purpose (subsistence or cash crops, industrial or business enterprise), and the system (irrigation, non-irrigated), and the distance to the market, the method of transfer (purchase, rental, leasing, transfer or mortgage) and the dimension.
 - The gender of the household head, the income group, the family size and the place of birth.
2. To acquire information on the land market; namely:
 - Real value, reserve value, offer price and transaction costs.
3. To establish the basis for an institution with an information acquisition and storage system on the land market.
4. To promote a debate on the land market question in Mozambique.
5. To elaborate a set of recommendations on the regulations of the land market in Mozambique.

- The present research project came about as a result of a request by the GTSA of the Ministry of Agriculture and Rural Development in together with the CTA, representing the private sector. This wish, expressed by the private sector and the State joins numerous requests made previously by various civil society organizations.
- The theoretical discussion on the land market is not a new phenomenon. The school of land law in the 1950's established a direct correlation between the increase in demand and the increase in the value of the land market.
- More recently, the neo-liberal theory argues that land as private property or freehold is a necessary condition for a rise in investment.
- It is also argued that the administrative adjudication of land has as a consequence the diminishment of negotiating power and the rise in asymmetries in information access.
- In conclusion, where there is a market economy, land has to be freely traded.

- **The arguments against, however, leads in another direction. The critics of neo-liberalism argue that in rural countries, where there is poverty, the market is structurally distorted, thus the State must provide free lands access to the poor and the private shall seek the market for land acquisition.**
- **The reasoning is that the asymmetries in the access to information distort negotiation, this arises because to some; land equals bush, to others it equals resources and still to others it is seen as a merchandise.**
- **Even though there is a difference in opinions of a normative character, there is a general agreement on 3 points:**
 - (i) The land value increases with demand regardless of the official property administration laws;
 - (ii) there is a need for information for decisions to be made; and
 - (iii) Land is an immeasurable capital in poverty situations.
- **This research project is structured around these 3 points, having assumed the existence of a land market in Mozambique as the collected evidence clearly shows.**

- **The study done in the Green areas of Maputo City estimates the reserve price to be USD 20,894 per hectare and the offer price as USD 14,190. According to the estimates the transaction costs correspond to 32%, a very high index compared to 6% to 10% in Western markets.**
- **The studies done by Cruzeiro do Sul show that the lower the average income of the region, the higher the tendency of the poorest (the land-less) to turn to leasing for land and the richest buy the land for trees and livestock. It is also noteworthy that as the average income increases, the tendency to lease by the poor decreases (the number of land-less decreases), and there is an increase in purchasing of land by the middle class.**
- **Both studies show that the use of land does not have a correlation to the gender of the household head.**
- **Positive correlations were however found between the size of the household and the place of birth, the use of the market increased, the larger the family size and when the families were not originally for the study area.**

- Completion of the following geographical matrix to identify the area to be selected, having as a vertical axis the dimension of demand based on the data of the already done studies and on the horizontal the location, type of use and the system.

Land use/ Demand		High	Medium	Low
Rural/ Non-irrigated	C. Subsistence crops			
	C. Industrial			
	Fruit trees			
	Forestry			
	Livestock			
Rural / Irrigated	Agriculture			
Semi-Urban	Dwelling			
Semi-urban	Agriculture			
Urban	Dwelling			

- **Pilot study to verify the methodology, define the sample dimension and identify the follow-up methods for future studies.**
- **Complex quantitative survey in the selected areas.**
- **Processing and data analysis on SPSS.**
- **Qualitative survey with the target groups and key informants having as an objective the identification of tendencies of change and to clarify eventual doubts surfaced by the data analysis.**
- **Structuring of a mathematical model for the calculation of land market values in the conditions existent Mozambique.**
- **Definition of the characteristics, indicators and actors of the information collecting system on the land market.**
- **Disclosure of the results to the beneficiaries; Government, private sector and civil society organizations.**

1. Collection of similar studies done in Mozambique
2. Study of the agricultural and livestock census data
3. Bibliographical revision
4. Completion of the project document
5. Preparation for pilot survey
6. Pilot survey
7. Data analysis of pilot survey
8. Completion of the geographical matrix, definition of sample size and elaboration of survey sheet
9. Preparation for pilot survey
10. Quantitative survey
11. Data processing and analysis
12. Selection for qualitative survey

- 13. Preparation for qualitative survey**
- 14. Qualitative survey**
- 15. Definition of the indicators to be used in the information collecting system on the land market**
- 16. Conception of the information collecting system**
- 17. Elaboration of the research report**
- 18. National seminar**
- 19. 3 regional seminars**
- 20. Final definition of the methodologies, instruments, team, processes and budgets for the information collecting system**
- 21. Selection of the units for implementation of the information collecting system**
- 22. Training of the interviewers of the information collection system**
- 23. Implementation of the information collection system**
- 24. Elaboration of a report on the information collection system**

- **This research project was drawn up by the president of the direction board of Cruzeiro do Sul – Institute of Investigation for Development, it is thus up to him to select the most appropriate team for the task.**
- **The general coordination of the research project – Land Markets is a responsibility of Cruzeiro do Sul under the direction of Prof. Dr. José Negrão.**
- **The rest of the team members are under the responsibility of Cruzeiro do Sul.**

Budget

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Budget Per Activity		Team	Trips total	Others 6%	Adm. 10%	Total
1	Coll. Similar studies	750		45	80	875
2	Study of census	750		45	80	875
3	Bibliographical rev.	1.500		90	159	1.749
4	Project doc.	1.500		90	159	1.749
5	Prep. pilot survey	2.250		135	239	2.624
6	Pilot survey	2.500	3.750	150	640	7.040
7	Data analysis	2.250		135	239	2.624
8	Geographical matrix	600		36	64	700
9	Prep quant. survey	2.250		135	239	2.624
10	Quant. survey	6.250	7.500	375	1.413	15.538
11	data analysis	4.500		270	477	5.247
12	Area selection	1.500		90	159	1.749
13	prep qual. Survey	5.000		300	530	5.830
sub total 1st Phase						49.221
14	Qual. Survey	2.500	3.750	150	640	7.040
15	Indicators SIRI	1.000		60	106	1.166
16	Conception SIRI	1.500		90	159	1.749
17	Research report	7.500		450	795	8.745
18	National seminar	15.000	7.500	900	2.340	25.740
19	Regional seminar	15.000	5.000	900	2.090	22.990
20	Definition SIRI	3.000		180	318	3.498
21	Sell. units SIRI	300		18	32	350
22	Formation SIRI	5.000	7.500	300	1.280	14.080
23	Implementation SIRI	10.000	7.500	600	1.810	19.910
24	Final report	4.200		252	445	4.897
sub total 2nd Phase						110.165
Total		96.600	42.500	5.796	14.490	159.386