

PN-ABN-972
82082

Research Paper



LAND TENURE CENTER

An Institute for Research and Education
on Social Structure, Rural Institutions,
Resource Use and Development

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1300 University Avenue
University of Wisconsin-Madison
Madison, Wisconsin 53706

1289 11/13/82

PN-ABN-172

**LAND TENURE SECURITY AND
STATE FARM DIVESTITURE IN MOZAMBIQUE:
CASE STUDIES IN NHAMATANDA, MANICA,
AND MONTEPUEZ DISTRICTS**

by

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A report, by the Land Tenure Center, University of Wisconsin-Madison, for the Ministry of Agriculture, Government of the Republic of Mozambique, and USAID-Maputo, of a collaborative project on land policy and state-farm divestiture in Mozambique.

All views, interpretations, recommendations, and conclusions expressed in this publication are those of the authors and not necessarily those of the supporting or cooperating organizations.

LTC Research Paper 110

**Land Tenure Center
University of Wisconsin-Madison**

January 1993

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ACKNOWLEDGMENTS

We would like to thank the following people and organizations for their assistance with this project. We thank His Excellency, Paulo F. Zucula, Vice-Minister of Agriculture; Felix Mandlate, president of the Institute of Rural Development; João Z. Carrilho, Ad Hoc Land Commission; Margarida Martins, Ministry of Agriculture; and Mário Souto, director of the Center for Agrarian Training. We also thank the United States Agency for International Development (USAID) for funding this project. We thank the staff of the Land Tenure Center, University of Wisconsin-Madison, and the staff of the LTC/MOA Collaborative Research Project in Maputo. We would also like to thank our translators, Maria Luisa Natividade, Antônio Natividade, and Jenifer Garvey, and our research assistants, Julieta Eliseu, Rui Benfica, Rafik Vala, and Eugênio Macomo. And finally, we thank all the officials and farmers in Manica, Sofala, Cabo Delgado, and Gaza provinces who gave us their time to answer our questions.

EXECUTIVE SUMMARY

As Mozambique moves toward postwar reconstruction, achieving food security is at the top of the agenda for both government and foreign donors. Various postindependence government policies have contributed to this crisis, including the nationalization of land and the emphasis on state-sector agriculture. Large state agricultural enterprises emerged shortly after independence. As settlers left the country, networks of trade and transport between urban centers and rural zones collapsed and infrastructure was destroyed. In the absence of these networks, the economy was paralyzed. In the face of this crisis, the independent government of Mozambique took over the operation of many of the abandoned estates, creating state and cooperative farms.

The intervention process started with major enterprises in 1976, but eventually the government formed state-farm blocks out of more than 2,000 abandoned commercial and settler farms. The government was able eventually to claim approximately 109 state enterprises. By 1981, it is estimated that the state farms covered between 350,000 and 500,000 hectares (Hanlon 1990; UREA 1990), between 8.75 percent and 12.5 percent of cultivated farm area. Although this figure may seem small, it is important to recognize that these farms often occupied some of the best agricultural land in the country; they were strategically located next to markets and transport routes, they had access to labor supplies, and many were in secure military zones. Several of the farms also had substantial irrigation schemes.

Shortly after independence, with the development of the state agricultural sector, clear signals were sent to smallholders that their production needs were not among the highest priorities, and that their rights were not among the most secure. As early as 1983, the government began to publicly recognize the need to shift emphasis away from the state-farm sector to smallholder and private commercial agriculture, but little has been done to support this rhetoric.

The state farms were not successful; many failed to produce and others produced only marginally. Not only were they financially unprofitable, they also incurred enormous debts to meet operating costs and purchase inputs. In 1989, government recognized the need to restructure the state agricultural sector and sell, lease, or close many of the farms. In 1990, this process of divestiture or privatization began. Several groups were identified as potential recipients of state-farm resources, including smallholders and larger commercial farmers, joint venture enterprises, retired military officers, retired bureaucrats, people displaced by the war, demobilized troops, and persons requiring "postwar resettlement."

In 1989, the Ministry of Agriculture (MOA) requested that the Land Tenure Center (LTC) study the process of state-farm divestiture in Mozambique with an eye toward issues

relating to security of land tenure for recipients of state-farm land and the impact of divestiture on agricultural productivity. The central objectives of the project are: (1) inform government about the divestiture process, and (2) provide technical assistance by formulating policy recommendations with regard to divestiture and stimulating dialogue over land policy reform in Mozambique. The project is funded through USAID/Mozambique's Private Sector Support Program.

As a part of the project, several case studies have demonstrated that the process of divestiture of the state-farm sector is moving forward despite the absence of clear central government directives. While decentralization is recognized as an important policy objective, without a clear mandate from the central level and guidelines for the process, divestiture proceeds in a haphazard and tenuous manner. The government continues to debate who shall determine the future disposition of state-farm lands and to whom these lands will be divested, while most of the land has already been occupied.

Evidence from the studies indicates that in the absence of clear directives, provincial-level officials are taking action with regard to divestiture based upon the unapproved recommendations made by various departments within the central government. These recommendations and debates have given provincial-level officials the impression that guidelines have, in fact, been established for divestiture. As the continued operation of most farms has been made impossible by financial constraints--that is, rising debt and unavailability of credit--provincial officials have acted on what guidelines they have seen, whether these have legal force or not. The central government has, indeed, recently provided clear mandates for the liquidation of state-farm infrastructure and machinery. In the absence of a legal framework for land divestiture, land has frequently been provided as a free good to those who purchase this infrastructure.

In none of the three case studies in this report has liquidation of land assets generated revenue for the state. Applicants for state-farm land in several cases have been allowed to occupy holdings without "purchasing" them or paying rent, while one joint-venture enterprise has been granted a 25-year lease without rent and with a 5-year tax holiday. The government has not met its objective of decreasing debt through state-farm divestiture.

In the absence of a clear legal framework for the divestiture of lands, the rights of current occupants also remain in question. Larger commercial farmers assume that they have 25-year use rights to the lands they have occupied, but have experienced difficulty in obtaining credit since their tenure rights are by no means firmly established. Even the joint-venture enterprise investigated has expressed concern about the certainty of its access rights. Investments in land are being undertaken hesitantly out of fear that returning colonial-era landholders may reclaim their land or that the government may reacquire and reallocate land as part of a postwar political and economic process.

At provincial and district levels, officials consider smallholders to be "incapable" of exploiting state-farm infrastructure and equipment. Consequently, smallholders have been largely excluded from the divestiture process. Smallholders are, in all instances, being

displaced. In some cases such displacements are from lands they occupied on a temporary basis as they fled the war or were forced into condensed settlements. In many other cases, however, they are being evicted from lands they have held for extended periods of time. In all three case studies, the rights of smallholders to continue cultivating on lands nominally held by larger interests—as they had done during the colonial and state-farm eras—were no longer clear.

What this indicates is that the government is not achieving the primary objectives that it identified when it called for a shift in agricultural policy away from the state sector and toward smallholder agriculture. It is only minimally recovering financial losses incurred by the state-farm sector. More importantly, it is not providing adequate support for smallholder agriculture. This failure is weakening land tenure security for smallholders and larger commercial farmers alike and giving rise to heightened levels of conflict over land (which will be worsened as populations relocate in a postwar environment). Weak land tenure security also discourages investment, leading to diminished productivity, food security, and environmental preservation.

One cannot ignore the problems generated for the government's agricultural policy by the war. Tremendous resources have been destroyed while other assets have been diverted to defense. Failure to recognize the constraints placed upon policymakers and inhabitants of the rural areas would be inaccurate and insensitive. We do not by any means wish to underestimate the magnitude of the disruption caused by decades of protracted military conflict.

Within this context, however, we suggest that the government has made mistakes which have contributed to problems in the agricultural sector, and that it risks future errors which could seriously complicate postwar reconstruction and undermine the process of consolidating the peace. Beyond this, sustainable agricultural productivity and food security have been, and continue to be, undermined by policy mistakes.

The most significant problem with government divestiture policy is that it is not clear. Specifically, government has not decided what should be the process for divestiture of land, who within government should administer the process, and who the participants/recipients should be. It has solicited recommendations, debated responsibilities, and considered options; but it has not taken any concrete steps concerning agricultural land specifically. In the meantime, processes at the local level have outpaced the government's recognition or understanding of them.

Underlying this problem, the government has not been able to settle on a general policy framework with regard to land. Current socioeconomic changes have made existing policies and laws inadequate. The government has been unable to determine at which level such a framework will be established and who will be mandated to implement policy. Consequently, the questions of what sorts of rights will be attainable and who will be permitted to hold them, and for how long, have not been decisively answered.

Opportunities have been missed as a result of these failures, including the possibilities of encouraging the emergence of small-scale entrepreneurs and establishing a more cooperative relationship with traditional authorities. Government policy is hindering the reestablishment of small-scale networks of commerce and finance and the emergence of small-scale capitalization within the agricultural sector. Undoubtedly, government has obstructed popular participation in decisions concerning land administration and land dispute resolution, undermining the legitimacy of official governmental institutions at the local level. Government has failed to recognize the capacity of rural society to take advantage of new economic and political opportunities and to contribute in a profound way to the social transformation of their own communities.

Some of the mistakes are irreversible; some land, once distributed/acquired, cannot be taken back without giving rise to substantial conflict and sending dangerous signals regarding the security of tenure rights. Unfortunately, this is occurring in some locations and damaging government legitimacy. Smallholders—for whom decisions can mean the difference between self-provision or precarious dependence upon food aid—are moving to seize new opportunities and avoid new constraints. Commercial interests look anxiously for clear signals from the government as they weigh the advantages and disadvantages of new investments. Locality-level government in some areas seeks to improve its relationship with traditional authorities, whose cooperation can ensure the success of local initiatives.

This is not to deny the complexity and urgency of the current situation. With so many different groups pursuing conflicting interests, competition over land and land-related political institutions is inevitable. In this process there will be clear winners and losers. It is not, however, a "zero-sum game." Government needs to create a legal environment in which benefits accruing to some do not unnecessarily disadvantage others and in which individuals may protect and advance their interests within a clearly defined framework.

With so many actors (smallholders, larger private domestic and foreign interests, sub-central-level government officials, and donors) moving to pick up the pieces and reassemble rural Mozambique, the central government must now take clear and decisive steps. It is in support of such steps that we provide the following recommendations. While most of these reforms do not require major constitutional changes or new legislation, all require a commitment on the part of the government to address the problems of land policy reform in Mozambique.

INTERMEDIATE-TERM RECOMMENDATIONS

1. Government should make a clear pronouncement on the status of the state-farm sector and the status of each farm.
2. Government should continue the evaluation of state-farm divestiture.

3. Government should strictly avoid entering into joint ventures which would continue to place demands on state resources without substantial returns, and should seriously consider the privatization of its interests in existing joint ventures.
4. Government should consider demarcating some state-farm land, not yet divested, for smallholder occupation.
5. Government should create security of tenure for those who have received or acquired state-farm land and non-state-farm land.
6. Government should invest greater authority in the Ad Hoc Land Commission to study land issues and make land policy recommendations. The commission should report directly to the Council of Ministers.
7. Government should make clear pronouncements on the status of local-level traditional institutions. It is recommended that their powers be recognized and legitimated, particularly with regard to land distribution, resource allocation, and dispute resolution.
8. Government should not attempt resettlement as part of its postwar reconstruction efforts. People should be encouraged and permitted to resettle themselves.
9. Government should evaluate land use and security of tenure outside of the state-farm sector, including formerly RENAMO-held areas.
10. Government should invest in the rural sector by building roads and bridges to make agriculture a more attractive investment for all sectors.

LONG-TERM RECOMMENDATIONS

11. Government should value state-farm lands before divestiture or alienation. Land should be sold to private interests, with the consent of the local population, rather than given away by the state as a free good. The proceeds should be used for the development of rural infrastructure.
12. Government should increase the capacity of DINAGECA to survey and register selected lands.
13. Government should clarify and enforce land taxation laws. Land taxes should reflect the market value of land. Proceeds could be used for rural development. These funds should be controlled by or shared with the local community.

14. **Government can further land tenure security for all producers and encourage agricultural investment and sound ecological management by the following:**
 - a. **Create secure private rights in land.**
 - b. **Recognize the existence of land (rights) markets and grant them legitimacy.**
15. **Government: should implement new land laws and make constitutional reforms to give force to the above recommendations.**

I. INTRODUCTION

Nearly two decades after achieving independence, the nation of Mozambique is unable to produce enough food to sustain its population. Hunger and malnutrition are acute; the country is dependent on foreign assistance and food aid. Approximately 78 percent of Mozambique's cereal requirements in 1991/92 had to be imported (as either program or emergency food aid) (World Food Program 1992).

In a study of rural consumption patterns conducted in 1989 on families in five provinces, it was reported that 69 percent of households were considered "vulnerable," and that 38 percent of the families in this group did not have a sufficient income to meet at least 50 percent of their food requirements.¹ Clearly, food security is at the top of the agenda for both government and foreign donors.

Over the last two decades, smallholders throughout the rural areas have had to contend with a number of serious problems. Foremost among these have been the breakdown of rural networks of commerce—which provided smallholders with tools, seeds, credit, and goods in trade for their surpluses—and widespread uncertainty over whether individuals making investments on their land would be able to accrue the benefits.

Several factors have contributed to these problems. Above all else, rural Mozambicans have been living in the midst of violent military conflict. The South African-backed RENAMO destabilization campaign has terrorized the rural population and overturned the most successful initiatives of the FRELIMO government. While at war, the nation has been unable to feed itself.

But the war has not been the sole contributor to the rural crisis in Mozambique. The postindependence government's focus on state-sector agriculture has, in its own way, exacerbated the crisis. Clear signals were sent to smallholders in Mozambique that their production needs were not among the highest priorities and that their rights were not among the most secure. As we will later argue, where rights are insecure, farmers will not invest in their land, and productivity and food security will decline as a result.

At the 1983 Fourth Party Congress, FRELIMO leaders began to recognize the linkages between the viability and security of the smallholder sector, on the one hand, and agricultural productivity and food security, on the other. The congress reassessed Mozambique's commitment to large-scale collectivized agriculture and recognized the need for a shift in agricultural policy away from state farms and toward "peasant" agriculture.

1. Bruce Cogill, Nutrition Officer, UNICEF, personal communication, May 1992.

Nearly ten years later, Mozambique continues to grapple with the same issue. The Ministry of Agriculture recently identified food security as the most important priority in its new agricultural policy proposal, "Bases para uma política agrária" ("Guidelines to agricultural policy") (see appendix 1). These guidelines identify land access and control, that is, land tenure security, as the most important constraints to achieving food security.

In 1989, government recognized the need to close most of its 109 state enterprises—many of which were agricultural farms—and divest or privatize their capital, infrastructure, and land resources. Several groups were identified as potential recipients of these resources, including smallholders and larger commercial farmers, joint-venture enterprises, retired military officers or bureaucrats, people displaced by the war, demobilized troops, and persons requiring "postwar resettlement."

The government has, however, been unable to accomplish the task of divestiture. The reasons for this are numerous and complex and will be discussed here. What is important, though, is that in the absence of a clear government policy on divestiture, *de facto* distributions of land and infrastructure have been occurring without a clear understanding of the rights which individuals have over the lands they are occupying. Quite simply, while the government continues to debate how it will divest the state-farm sector, divestiture is going on without official guidelines.

The government of Mozambique, in 1989, requested that the Land Tenure Center (LTC) of the University of Wisconsin-Madison, in collaboration with the Mozambican Ministry of Agriculture (MOA), study the process of state-farm divestiture in Mozambique with an eye toward issues relating to security of land tenure for recipients of state-farm land and the impact of divestiture on agricultural productivity. The project officially began in 1991. The central objectives of the project are: (1) inform government about the divestiture process, and (2) provide technical assistance by formulating policy recommendations with regard to divestiture and stimulating dialogue over land policy reform in Mozambique. The project is funded through USAID/Mozambique's Private Sector Support Program.

As a part of the project, several case studies of state farms undergoing divestiture have been carried out. This report represents research conducted from November 1991 to November 1992. It focuses on three cases of state-farm divestiture in three provinces of Mozambique: Lamego Agricultural State Farm in Nhamatanda, Sofala Province; Vanduzi Agricultural State Farm in Manica, Manica Province; and Cabo Delgado Cotton State Farm in Montepuez, Cabo Delgado Province. It also includes data drawn from three case studies conducted earlier on Massavasse, Chilembene, and Conhane state farms (see Tanner et al. 1993), all in Chokwe, Gaza Province, as well as preliminary data gathered on the state farms of Hokwe, Mapapa, and Nwachicoluane (Chokwe, Gaza Province), Buzi (Sofala Province), and Sussundenga and Gondola (Manica Province). (See maps 1 through 9, pp. 79-87.)

Evidence from the three case studies demonstrates that without clear government policy, land rights on and around former state farms are insecure. This insecurity is a

constraint to investment in agricultural holdings and inevitably lowers agricultural productivity and the food security of smallholder households.

This report highlights the underlying problems of general land policy and legislation in Mozambique. As will be shown, tenure security is not merely a problem on former state-farm land. The government's inability to clearly articulate a broader land policy framework has also contributed to the related problems of insufficient tenure security, declining investment, decreasing productivity, and poor food security throughout rural Mozambique.

This report is organized into six sections. In the second section a summary is provided of the history of the state-farm sector, focusing particularly on the policy dialogue, legal questions, and economic factors affecting its emergence and collapse. Current land policies and laws are also discussed. The intention is to present a framework within which to understand the cases studied as well as the wider problems affecting land policy in Mozambique. Where possible, we cite and present important government documents that had a substantial impact upon the process of divestiture or related policy debates. (These are included as appendices, available in a separate volume.)

Section three presents a brief discussion of research methodology. In the fourth section we discuss findings from the three case studies and their implications for agriculture, land policy, and food security. A synthesis of the findings is presented in section five, and in section six we present intermediate- and long-term policy recommendations which address some of the problems discovered in the research.

The authors wish to state that, in general, officials of the government of Mozambique and faculty at Eduardo Mondlane University were extremely responsive to our queries and supportive of the goals of this research project. Even when evidence indicated mistakes made by the government, many officials were willing to contribute to our understanding of the state-farm divestiture process and the historical development of land policy in Mozambique. Several individuals either directly or indirectly involved with state-farm administration, state-farm divestiture, or land policy were given the opportunity to comment on parts of this study prior to completion. Our understanding is enriched by their contributions. The authors, of course, accept responsibility for any shortcomings.

The field research upon which this report is based was carried out within the context of an ongoing war. A population made anxious and insecure by past traumas and an uncertain future can be reluctant to openly discuss issues as politically sensitive as those related to land. Despite this, we found our respondents to be remarkably forthcoming and earnest.

We wish to emphasize that the observations, analysis, and conclusions presented here are tentative, and that there is a great need for additional research on both land tenure relations and the impact of land policy on agriculture and food security in Mozambique. It is our hope that our contributions will help stimulate a dialogue over issues that will undoubtedly be at the center of postwar reconstruction in Mozambique.

II. STATE FARM DIVESTITURE: HISTORICAL OVERVIEW

In 1975, as Mozambique moved toward independence, the country was beset with economic turmoil. Portuguese settlers and agricultural enterprises, feeling insecure with the coming to power of a regime apparently hostile to former colonial and private capital interests in general, abandoned their lands, homes, and businesses in large numbers. Some of the very largest of the agricultural enterprises felt secure enough to remain in the country. In addition, a very few medium- and small-sized private enterprises remained in Mozambique. A few others made arrangements for their lands or enterprises to be maintained on their behalf by Mozambican representatives. However, the majority of enterprises held by Portuguese were abandoned. As many Portuguese fled, what they could not take with them they destroyed. This was done on a massive scale (Hanlon 1990; Isaacman and Isaacman 1983).

Significantly, not only was infrastructure destroyed in many areas, but as settlers left the country, networks of trade and transport between the urban centers and rural zones collapsed as well. These networks had been the means by which manufactured goods were made available to the rural areas and agricultural goods were procured for urban consumption, industrial processing, and export. In their absence, the Mozambican economy was paralyzed. Foodstuffs were not reaching markets in the urban centers. Manufactured goods and tools became unavailable in the rural areas. Agricultural production in the smallholder sector² was in decline because farmers had no incentive to produce a surplus as long as there was an absence of goods to buy in the rural areas.

Additionally, in areas formerly exploited by colonial farmers, agricultural productivity was drastically affected by the flight of Portuguese farm managers with technical and

2. In this paper we generally use the terms "smallholders" and "larger commercial farmers" in place of the terms "family sector" and "private sector." We do this in an attempt to break down what we see as an artificially rigid dichotomy between family and private sector farmers. By government definition, the private sector is made up of farmers who employ wage labor, have access to credit, and produce for the market. By extension they are seen as having "greater capacity" to exploit resources (i.e., land, capital, and labor) than the family sector. The family sector, by definition, is made up of farmers who do not employ wage labor (but rather exploit family labor), have little capital, and do not produce for the market. They are seen as "subsistence" producers. These categorizations do not reflect reality. Many private sector farmers are no different than family sector farmers. They have little capital, do not employ wage labor, and consume much of what they produce. At the same time, most family sector farmers produce for the market and many hire limited wage labor to augment the family work force. This categorization of farmers into two groups is a way of controlling or diverting resources and opportunities to a "selected" group of individuals. This false distinction is being perpetuated by many donors who are targeting the private sector to the disadvantage of many smaller commercial farmers and smallholder cultivators in general.

managerial skills. Production on the largest and most fertile tracts of land came to a standstill.

In the face of this crisis, the independent government of Mozambique "intervened" in the agricultural sector.³ In other words, the government took over the operation of many of the abandoned farms, creating state and cooperative farms. Many of these farms were formed through the consolidation of plantations and private smallholdings. Other state farms and cooperatives incorporated land that was formerly held by peasants (see Cahen 1987; Tanner et al. 1993). Some of the Portuguese companies had been public shareholder enterprises.⁴ These properties were not nationalized, but simply intervened. The legal position was that:

No formal confiscation was necessary or undertaken: the ownership disappeared with the owners, and, in terms of the provisions of a general statute dealing with abandoned properties, the farms devolved to the state after a period of three months' absenteeism by the owners (Sachs 1983, p. 4; see Law no. 16/75).

Bruce (1990) writes that the legal status of these farms is actually more complicated than that described by Sachs (1983). This status, unclear and contradictory, later led to confusion and conflict as the state moved toward privatization, as discussed below.

In any case, the government attempted to intervene first in the more critical agricultural enterprises, including those producing export crops such as cotton, sugar, copra, and tree products, as well as those producing food crops for the urban centers, such as rice, maize, dairy products, and livestock. The 1977 Third Party Congress of FRELIMO concluded, "We must dedicate special attention to supplying [food to] the urban centers." With regard to the role of state enterprises, the congress asserted, "State-owned enterprises are the quickest way of responding to the country's food needs because of the size of the areas they cover, and the immediate availability of machinery" (quoted in Hanlon 1990, p. 100).

3. There are two historical interpretations of the government's intervention and formation of state farms. One suggests that the government was forced to do so as a result of the economic and agricultural crisis. The second posits that the government seized upon the opportunities afforded by this crisis to promote a program of villagization, to establish a network of governmental political authority in the rural areas (undermining traditional political authorities), and to place rural society on the foundation of collectivized agriculture centered around large state farms. The justifications for government policies were no doubt complex, and we suggest that both interpretations are useful.

4. Not all of the abandoned farms held large tracts of land; many of these enterprises were agroindustrial, i.e., sawmills, piggeries, processing plants, etc.

Over time the government moved to intervene in the management of smaller, less critical enterprises.⁵ The intervention process started in 1976 with the major enterprises, but eventually the government formed state-farm blocks out of more than 2,000 abandoned commercial and settler farms. At first many of these were intervened only on paper, being placed at the disposal of a national administrative body in the Ministry of Agriculture, DINAPROC (*Direcção Nacional de Organização da Produção Colectiva*), which had responsibility for intervened lands throughout the country. Provincial-level offices, GAPPOs (*Gabinetes de Apoio à Produção*), were formed in the next two years and began exploiting limited areas within their jurisdictions. It was not until the early 1980s that the provinces themselves divided land into state-farm units, allowing for the exploitation of a greater quantity of intervened land. At this point in time, DNEA (*Direcção Nacional de Economia Agrária*), in the Ministry of Agriculture at the central government level, coordinated state-farm planning, and managerial units, also at the central government level, were charged with responsibility for farms according to the crops being produced.

The government was able eventually to claim approximately 109 state enterprises (see appendix 2). Of these farms, approximately 55 held about 95 percent of the total state-farm land area (including agricultural, grazing, and forestry lands). By 1981, it is estimated that the state farms covered between 350,000 and 500,000 hectares (Hanlon 1990; UREA 1990).⁶

Total land area of Mozambique is approximately 80 million hectares, and arable land is estimated to be 39 million hectares (including 16 million hectares of forested land). The state farms occupied between .89 and 1.3 percent of the total arable area. However, the country has never cultivated more than 4 million hectares (for all sectors); consequently, the state farms occupied between 8.75 and 12.5 percent of cultivated area. Although this figure may seem small, it is important to recognize that these farms often occupied some of the best agricultural land in the country; they were strategically located next to markets and transport routes (rail, roads, and ports); they had access to labor supplies; and many were in secure military zones. Additionally, most of the irrigation schemes in the country were located on these lands.

5. In addition, there were numerous private farms that were abandoned at independence, but never intervened by the state. Now, as the government moves toward privatization and private investors are acquiring or reacquiring interests in agricultural land, there is great confusion with regard to the legal status of these lands and the farms' infrastructure.

6. Estimates of physical area are highly problematic. There were grand projects administered with foreign aid, like the 400,000-Hectare Scheme in Cabo Delgado and Niassa provinces and the 300,000-hectare scheme in Nampula Province. However, these schemes were "administrative units" that were responsible for a number of services or activities within their area. For example, the 400,000-Hectare Scheme in Cabo Delgado included agriculture, piggeries, processing plants, as well as such activities as management of the airport and hospitals. Most of the area, then, was not actually part of a state-farm unit.

The actual area exploited by the state farms was considerably less than that officially reported, since most state farms failed to cultivate the greater part of the lands available to them. This was often due to ineffective central planning or financial, technical, and security constraints. Some farms, in fact, were never operated.

Beyond this, the actual size of most individual farms was never determined since cadastres were never made. The boundaries of many farms were quite porous. In many cases state-farm units expanded onto lands never occupied by former commercial or settler holders—thus encroaching on "family sector" land. In other cases, "family sector" farmers invaded and utilized lands officially under state control. Thus, while there were cadastres of private farms, they can be used only as rough estimates of the area controlled by the state farms. This would later lead to confusion over land rights and result in land conflicts.

Land policy had been enunciated in the 1975 Constitution, which stated that all land in the country belongs to the people as a whole through the state. A new Land Law was issued in 1979 (Law no. 6/79; see appendix 3). Following the constitution, this law enacted state ownership, that is, nationalization, of all land. However, the legal status of state farms, particularly with regard to their lands, was never made clear. Subsidiary legislation was finally passed in 1987 with the Land Regulations Decree (No. 16/87) (see appendix 4). Indeed, it may be stated that the law and decree, in conjunction with the constitution, raise some very important legal questions with regard to land rights.

Titles to intervened farms, in most cases, were never altered. The legal status of former titles is not clarified by government pronouncement, the land laws, or the constitution. Did the constitution's nationalization of all land eliminate preindependence land rights (i.e., titles) or simply reduce them to use rights? Use rights were given clear legal definition in the 1979 Land Law. If titles from the colonial period were reduced to use rights, do the previous owners still have legal claim to these lands? And what happens if this land has subsequently been assigned to someone else? It is not clear which claim would be preferred in a dispute (see Bruce 1990).

In 1981, a ten-year plan was approved by the National Planning Commission which called for 2.5 million acres of new state-farm lands to be developed. This was done despite the fact that in the same year the Ministry of Agriculture noted that not one state farm was profitable (Hanlon 1990, p. 101). In fact, not only were the state farms largely unproductive, they also incurred enormous debts, borrowing from the Bank of Mozambique (BOM) and the Popular Development Bank (*Banco Popular de Desenvolvimento*, BPD) to meet operating costs and purchase inputs. In the period from 1977 to 1981, Mozambique imported 50 million pounds sterling in agricultural machinery (Hanlon 1990, p. 100). Importations of machinery continued on this scale throughout the decade. Based on government sources, the total debt of farms in 1989 was estimated to be 28.46 billion meticalais (see appendices 5 and 6). The *South African Digest* estimated total debt of the state enterprises to be approximately 75 billion meticalais in 1990.

Finally, at the 1983 Fourth Party Congress, FRELIMO put an end to the expansion of state farms. The congress admitted that Mozambique did not have the managerial or technical capacity to manage large state enterprises and declared that future policy should focus on support for the family sector rather than "large-scale projects" and state farms (Hanlon 1990, p. 101). Although the congress represented a significant shift in political orientation toward agricultural policy, the government has not been able to successfully implement this change. The reasons for this are numerous. Above all else, the government has lacked the necessary resources and institutional capacity to put policy into effect. This has been exacerbated by the fact that, since independence, Mozambique has been at war with a military force receiving substantial foreign assistance. The war has drained resources, destroyed infrastructure, terrorized the population, and handicapped efforts to develop the countryside.

At the same time, political factors have undermined the government's will to effect changes. Since before independence, the FRELIMO party has been committed to the socialization of the countryside, seeing it as the best way to avoid class differentiation and consolidate the power of the postindependence regime. In pursuit of this vision, the government embarked upon a process of villagization throughout the rural areas. In a few areas, resistance to resettlement in villages was met with extreme force, and those attempting to remain on lands outside of the villages had their homes burned, their crops destroyed, or their belongings confiscated. In other areas, resistance to resettlement was met with the threat of such sanctions.

Notwithstanding these problems, the government persisted in its attempt to "socialize" the countryside. Communal villages were to have cooperative *machambas* (fields) as well as cooperative stores, schools, and health clinics. Extension services were to be provided through these villages.⁷ The villages were also to serve as sources of labor for state farms. All of this was to contribute to the mechanization and technical advancement of agriculture in Mozambique.

Despite the fact that the government admitted in 1983 that the agenda for state-farm agriculture had been counterproductive, the vision of a "socialized" countryside did not dissolve. After the Fourth Party Congress, there was a stated commitment to restructure the state agricultural sector and to de-emphasize large-scale projects in favor of the family sector. There were, however, no mechanisms or plans put in place to achieve this clearly articulated vision of the future of Mozambican rural society. The government remained unable to

7. In the early years after independence, the Mozambican government was extremely successful in its attempts to provide educational and health care services to the rural population. The campaign has since been drastically undermined by the destructive consequences of the war. RENAMO targeted these health clinics and schools, as well as their staff, in an attempt to eliminate those aspects of the FRELIMO government agenda which had been recognized as most successful. For a more complete discussion of the villagization program, see Hanlon (1990), Geffray (1990), Urdang (1989), and Egero (1992).

identify domestic private interests which might fill the void created by the departure of colonial agriculturists despite recognizing the pressing need to stop the financial drain created by an inefficient state-farm sector.

It should be recognized that throughout this period, the South African-backed RENAMO campaign to destabilize the Mozambican nation by paralyzing the countryside was increasingly effective. The horrifying tactics employed by RENAMO, as well as the catastrophic impact these had on the lives of rural Mozambicans, have been well documented (Hall 1990; Gersony 1988; Minter 1989; Vines 1991; Urdang 1989; Finnegan 1992). State farms were not spared from the destruction of the war. In fact, they were among RENAMO's preferred targets. Therefore, throughout the 1980s, larger and larger portions of the state-farm budget were spent on military defense, and the productivity of the farms fell dramatically as they proved unable to protect laborers, crops, infrastructure, and machinery from RENAMO attacks.

All of this, inarguably, had a negative effect on the efficiency of the state-farm sector. Consequently, government officials began to assume that in the absence of the war, the state-farm sector would indeed be profitable.

In 1985, the Ministry of Agriculture created a new section within the Department of Agrarian Economics (DEA, *Direcção de Economia Agrária*, formerly DNEA), called the Sector for Analysis of Economic Units (SAUE, *Secção de Análise de Unidades Empresariais*). SAUE was charged with responsibility for the evaluation of state enterprises under the Ministry of Agriculture's direction as well as the formulation of recommendations for their future disposition. SAUE was not, however, given any administrative authority over these enterprises.

In the first three years of its existence, SAUE established criteria for the evaluation of state farms (see appendix 7). These standards were greatly influenced by the structural adjustment program (PRE, *Programa de Reabilitação Económica*), which began in 1987. Credit became increasingly restricted and thus financial concerns acquired a much higher priority. The World Bank, the International Monetary Fund (IMF), and many bilateral donors were encouraging the government to divest itself of state enterprises in favor of private interests. SAUE's criteria thus included: (1) the importance of the farm to the agricultural sector as a whole; (2) the financial status of the enterprise and its present level of debt to the bank; and (3) the number of workers employed by each unit.

Based upon these criteria, SAUE attempted to evaluate 53 enterprises in 5 different provinces. Since the process of surveying each enterprise proved time-consuming and impractical given existing staff and transportation capacities, SAUE eventually decided to complete this round of evaluations by sending a questionnaire to officials at the provincial level, where the current status of each state farm was to be reported. It must be recognized that the quality of the data SAUE was able to collect is extremely questionable. Basic demographic and production data on most state farms, including physical area, area under cultivation, types of crops grown, output, and number of workers employed, either do not

TABLE 1
Available physical and financial data of selected state farms
prior to divestiture, 1990

	LAMEGO	VANDUZI	CABO DELGADO COTTON	CAIL ^a	SUSSUNDENGA	GONDOLA	BUZI	TOTAL (12 farms)
Total area (ha)	3,726	4,000	10,000 ^b	26,000	6,000	4,000	5,500	59,226
No. of workers, seasonal	350	368	200 2,000	297 ^c	695	?	?	1910+ 2000+
Debt (million meticais)	209.5	71.9	1,000.0	771.6 ^d	10.7	34.8	?	2,098.5

Source: *Unidade de Reconstrução das Empresas Agrárias (UREA)*, internal memorandum on state-farm sector, 1992; Ministry of Agriculture, internal memorandum, 1992; Ad Hoc Land Commission, internal memorandum, 1992.

- a. CAIL in this study represents the following six state farms: Massavasse, Conhane, Nwachicoloane, Chilembene, Hokwe, and Mapapa.
- b. Area of "direct production," area in "zone of influence" included several hundred thousand hectares.
- c. Data from Massavasse and Chilembene farms only.
- d. Debt of Massavasse farm.

exist or are very inconsistent. The data that do exist are highly contested, even by members of SAUE who ostensibly collected them. For many of the farms, the total outstanding debt is unknown. Consequently, the central government's knowledge of the status of the state farms was, and continues to be, poor.

On 3 January 1989, SAUE presented a comprehensive proposal to the Ministry of Agriculture (see appendix 8) reporting the current status of each enterprise and recommending whether it should be maintained within the state sector. If the farm was to be "excluded," recommendations were given about what might be done with the infrastructure and lands. In many cases, especially concerning agricultural farms, SAUE proposed that a *prestação de serviços* (extension services center) be formed to utilize former state-farm infrastructure. Often this proposal was accompanied by recommendations to distribute land to the family sector and small private farmers.

If the farm was to be "maintained" within the state sector, recommendations were given about how productivity and efficiency might be improved. This was the case with most farms producing export crops or for those that demanded ongoing long-term investments. SAUE suggested that the state sector maintain control of sugar, tea, copra, large-scale citrus, and cotton farms, as well as dairy and livestock farms.

This proposal was forwarded to the prime minister on 4 March 1989. The prime minister responded to it on 25 May 1989 (see appendix 9) without issuing a clear mandate to act upon its recommendations. It is clear from his comments that the government was still unwilling to envision the state sector giving up its leading role in agriculture. Concern was expressed about "excluding" a large number of state farms in any one geographical region or particular agrarian sector. The prime minister's letter indicates a persistent confidence that the state enterprises might be made profitable—and that financial problems resulted primarily from the war. Suggestions were made for "redimensioning" farms.⁸ Ultimately, the government was still interested in using the state farm "as a pole for development in its region of influence" (Decree 2/89) and doing so with the continued support of "the socialist countries."

On 1 June 1989 (see appendix 10), SAUE responded to the prime minister's letter with a number of comments, including the statement that "in our opinion, there is absolutely no economic rationale for the existence of state enterprises . . . which dedicate themselves to crops that the peasants produce and can do better . . . with a simple production organization." SAUE concluded that "the failure of the dry-farming annual-crop-production

8. The LTC/MOA study of the Chokwe irrigation scheme reports how the state enterprise CAIL (*Colonato da Vale do Rio Limpopo*) was "redimensioned" by breaking it into 10 smaller state-farm units (see Tanner et al. 1993).

agrarian state enterprises is due to intrinsic structural defects which began to show even before the generalized war."⁹

At about the same time, in May 1989, the government enacted a law (no. 21/89) dealing with divestiture of state assets while also providing for a shift from direct state exploitation of land to exploitation by joint ventures and private- or family-sector enterprises. The law established mechanisms for carrying out alienation of state assets (see Bruce 1990). It did not directly address the question of alienation of state land; use and enjoyment of land continued to be regulated by the 1979 Land Law and 1987 Land Regulations. The practice of *trespasse* (see *Civil Code of Mozambique*) permits the transfer of the right of use of land along with the transfer of an enterprise, so by extension it could be assumed that the alienation of state agricultural assets (i.e., buildings, etc.) would include the transfer of land use rights. This argument, however, is speculative; Law 21/89 does not explicitly address the issue. In fact, the law specifically states that it does not cover alienation of state assets other than state enterprises. All assets other than enterprises were to be regulated in accordance with other laws in force. With regard to state-farm land, it is assumed that the 1979 Land Law has precedence.

Law 21/89 has been criticized (see round table discussion, appendix 15) for its failure to address the status of state agricultural land. In addition, some have suggested that the law decentralized the process of divestiture to the provincial level; however, the authors dispute this second assertion. While the law did provide provincial governors with the opportunity to participate in the process of divestiture, their powers were limited largely to verification of assets. In fact, Law 21/89 centralized the process of divestiture by channeling all control—and ultimately all decisions with regard to divestiture—through the Ministry of Finance.

In July 1989, SAUE began a second round of evaluations of each enterprise, this time incorporating two additional criteria: (1) the total area under management by each enterprise, and (2) the value of the production of each farm. SAUE generated a new list of 90 state enterprises (see appendix 12). Based upon the criterion of total area, three categories of farms were established. The categories corresponded to which entity would have responsibility for determining the future disposition of the state farm. In the first category were those farms to be placed under the direct control of the Council of Ministers. Decisions concerning the future "maintenance" or "exclusion"¹⁰ of these farms would be made, according to the proposal, at that level. This category included agricultural farms larger than 2,500 hectares, livestock farms with more than 5,000 hectares of pastureland, and tree farms over 10,000 hectares in size. The second category consisted of those farms to be placed

9. The dry-farming agrarian state enterprises were identified by SAUE to become *prestadoes de serviços*.

10. Farms "maintained" would be kept in the state sector; those "excluded" would be divested to joint ventures or private interests.

under the authority of the Ministry of Agriculture. These included agricultural farms between 250 and 2,500 hectares, livestock farms between 500 and 5,000 hectares, and tree farms between 1,000 and 10,000 hectares. The third category would be placed under the authority of the provincial governments themselves and would include all enterprises with lands under the levels of the second category.

The logic of this proposal was based upon the idea that state-farm lands should come under the same administrative authority as all other lands in Mozambique. The 1987 Land Law Regulations state that the responsibility for registration and titling should be divided among the provincial level, the Ministry of Agriculture, and the Council of Ministers according to size of holding. The Provincial Director of Agriculture, for example, had authority for approval of titling and registration for agricultural lands under 250 hectares. In other words, the physical size of the farm would dictate who had administrative authority. These regulations, however, made no direct reference to state-farm lands or processes arising from their distribution. SAUE's proposal appears to be an attempt to make this connection explicit.

The Minister of Agriculture, however, rejected this proposal, objecting to the categorization of many farms and contesting the physical delineation of some farms. He insisted that some of the enterprises be grouped as one unit rather than as separate parts.¹¹ In February 1991, the minister responded with a counterproposal (see appendix 13). According to this proposal, 79 farms were identified, of which 37 would be under the authority of the Council of Ministers, 19 under the Ministry of Agriculture, and 23 under provincial-level authorities.

SAUE's proposal and the minister's counterproposal represent an important and perhaps unfortunate shift in attention away from who should be the recipients of state-farm lands (whether international capital, joint ventures, commercial interests, or smallholders) and toward a discussion of who should make the decision on the disposition of these lands. However—and this is critical—no one within the government, whether at the level of the Council of Ministers, Ministry of Agriculture, or provincial governments, was able or willing to take the initiative for deciding what should be done with the state-farm sector and how it would be done. The responsibility for these decisions has been, and continues to be, passed among various levels of government, each level waiting for another to act.

The second SAUE proposal was presented to the Ministry of Agriculture on 9 November 1989. The revised proposal was not forwarded to the prime minister until 8 March 1991, and did not receive a reply until 26 November 1991. At that time, Decree no. 30/91 was issued, stating that only three of the state enterprises were to be under the direct authority of the Council of Ministers: Cajú de Moçambique, IFLOMA, and FRIGO (see appendix 14). It was assumed that all others formerly intended to be under the Council

11. The case of CAIL is an excellent example. Whereas SAUE categorized CAIL as several individual farms, the minister proposed that it be considered as one farm.

of Ministers would be placed under the authority of the Ministry of Agriculture. The remaining state enterprises—the vast majority—were assumed to be under the authority of the provincial-level governments.

In the meantime, a round table on the state-farm sector had been held in Maputo in July 1990 (see appendix 15). Issues discussed included who would be responsible for the divestiture of state-farm assets and who would be the target recipients. The round table achieved a general consensus on the first issue, suggesting that the banks, the Ministry of Finances, and other ministries with an interest in the state-farm sector should participate in decisions affecting its reorganization. On the second issue, several options were discussed. The general sentiment was in favor of developing a Mozambican private agricultural sector. Among those identified as potential recipients of state-farm assets were Ministry of Agriculture staff and personnel, former FRELIMO fighters, returnees from the former German Democratic Republic, and young graduates in agricultural sciences. No consensus was achieved on these options. Having decided that private agriculture was necessary, one of the biggest concerns during the round table appears to have been preventing foreign capital from gaining dominance in the agricultural sector.

In addition, the round table was highly critical of the central government for passing laws without knowledge of rural needs and conditions. Such legislation was widely interpreted as counterproductive to the agricultural sector.

Soon after the round table, in August 1990, a *conselho consultivo* was held with Ministry of Agriculture officials and each of the provincial directors of agriculture participating. SAUE presented a separate proposal to this *conselho consultivo*, outlining a division of responsibilities between various ministries and departments, as well as between various levels of government, for analyzing the status of state farms (and especially their lands) and making suggestions for their future disposition (see appendix 16).

Significantly, neither this proposal nor the recommendations forwarded at the round table are known to be officially approved. However—and this, too, is critical—**both of these meetings were highly visible to provincial-level officers and thus were to form the bases of later actions taken at the provincial level.**

Several additional pieces of legislation were enacted in 1991 that dealt specifically with alienation of state assets. These laws (nos. 13/91, 14/91, 15/91, 17/91, 27/91, 28/91, and 31/91), among other things, defined legal procedures for the alienation of infrastructure belonging to the state sector. In addition, they provided for the creation of a commission of evaluation and alienation of state assets (see appendix 17). Committees, including representatives from the Ministry of Finances, the Popular Development Bank, and the Bank of Mozambique, would be formed to evaluate infrastructure and be responsible for liquidation. The revenues generated from the sale of capital goods and infrastructure would be applied to the existing debts of each state enterprise. The laws also dealt with the disposition of former public-share companies. **Notably absent from the laws were any procedures regarding divestiture of lands.**

Without access to land, infrastructure made available for sale would not be sufficiently attractive to command its true value. Consequently, since the process of alienation of infrastructure was clearly mandated to proceed, the process of divestiture of lands would begin as well, but in the absence of distinct authorization. This trend would be exacerbated by the ongoing emphasis on divesting agricultural enterprises—which of course had relatively larger tracts of land—before all others.

Two critical problems were generated by the rush to liquidate infrastructural assets. First, land was not valued within the evaluation process.¹² Consequently, firms or individuals were acquiring land as a free good. Second, the tenure rights for these lands were weak and questionable, impacting upon investment and productivity.

In recent years, the World Bank has been working in cooperation with the Ministry of Agriculture to create a special department to oversee the process of "restructuring" the state agricultural sector.¹³ In 1991, UREA (*Unidade de Reconstrução das Empresas Agrárias*) was formed, taking the place of SAUE in the Ministry of Agriculture. Its staffing includes many who formerly worked for SAUE.

UREA's first task was to provide a framework for the distribution of lands now occurring in a de facto manner. In December 1991, it proposed to the Ministry of Agriculture that priority for receiving land be given to the following groups in descending order: (1) former state-farm workers; (2) demobilized troops; (3) returnees from the former East Germany; and (4) displaced people and returning refugees (appendix 18). The UREA proposal included suggestions concerning the sizes of parcels to be distributed, but did not address the issue of what sort of rights would be given, for what period, and by what authority. UREA's proposal has not received official response.

In July 1992, the legal advisor to the Minister of Agriculture (who is part of the ministry's Evaluation and Liquidation Commission) submitted yet another proposal for which level of government should have responsibility for deciding the disposition of various state enterprises (appendix 19). This proposal identifies 85 state enterprises and recommends that the disposition of 62 of them be determined by the Ministry of Agriculture, and 23 by provincial-level government. In this proposal, the Council of Ministers is excluded from the process.¹⁴

12. This was also confirmed by the legal counsel to the Ministry of Agriculture.

13. "Restructuring" is the official term that the government uses for its reform of the state sector—this may include farms that are liquidated and their land and assets privatized. The use of this term is telling in that its ambiguity mirrors the government's own vagueness with regard to the status of many state farms, i.e., are they operating or closed?

14. This excepts three enterprises for which the Council of Ministers has already assumed control over the divestiture process: IFLOMA, FRIGO, and Cajú de Moçambique.

This document, importantly, notes the legal status of each enterprise. Once *regularizada* (regularized), a farm is legally made a state enterprise whose assets are fully owned by the government. These farms may be disposed of, legally, by the government. Out of the 85 enterprises, 58 have been listed as not regularized.

According to this document, 8 enterprises have officially been divested (by sale or leasehold), 20 are in the process of being divested (one to a joint venture), and 4 have been divested as joint ventures. One enterprise has been divested to a public enterprise (i.e., shareholding company), and two are in the process of being divested to public companies (see table 2). According to the Ministry of Agriculture, 50 enterprises have not yet begun the process of divestiture.¹⁵

We compared the available data from two lists of state farms generated by different departments in the Ministry of Agriculture. We were able to cross-match 71 enterprises. Table 3 presents an estimate of how much land has been divested, how much is in the process of being divested, and how much remains to be divested. This represents the government's official position with regard to the current status of state-farm divestiture (see appendices 12 and 19).

As noted, 50 enterprises have not "officially" begun the divestiture process. To be more precise, the government has not begun the evaluation of these enterprises (i.e., the first step in the divestiture process). These 50 enterprises represent more than 60 percent of the land area held by the state sector, approximately 442,000 hectares. Despite the claim that these enterprises remain unaffected, we know that in several cases (at least 11), evaluation and liquidation of infrastructural assets has begun or been completed and part, or all, of the land assets have been acquired, claimed, or, in a few instances, distributed.¹⁶ **We hypothesize that this same process of de facto divestiture is occurring elsewhere in the country, perhaps for most of the remaining state enterprises.**

When presented with this information, that is, the cases of de facto divestiture, the legal counsel for the Ministry of Agriculture stated that those divestitures were not official. In other words, at its discretion, the government can revoke the assets divested and redivest

15. Note that the first step in this process is the formation of an evaluation and liquidation commission at the provincial-level of government.

16. The farms studied in Chokwe, Gaza Province (Massavasse, Chilerbene, Hokwe, Conhane, Mapapa, and Nwachicoluane), have "distributed" all of their lands to the private and family sectors as well as to joint ventures operating in the area. A commission for evaluation and alienation of infrastructural assets had been formed, but had not started work as of November 1992. The farms in Buzi and Nhamatanda in Sofala Province, and Gordola, Sussundenga, and Vanduzi in Manica Province had begun to liquidate assets and "divest" land to the private sector in 1991. By November 1992, it appears that all the land of the farms in Buzi and Nhamatanda, and most in Vanduzi, had been "divested."

TABLE 2
Official divestiture status of state enterprises, by farm, July 1992

	SUGGESTED OFFICIAL LEVEL OF RESPONSIBILITY FOR DIVESTITURE			TOTAL
	Ministry of Agriculture (# of enterprises)	Provincial (# of enterprises)	Council of Ministers (# of enterprises)	
Divested (sale or lease)	2	6		8
In process ^a	14 ^b	4	2	20
Joint venture	4			4
Share company				
Returned to:	1			
In process:	2			3
Nothing initiated	35	14	1	50
Total	58	23	3	85
Other ^c	2 ^d			
	1 ^e			

Source: Ministry of Agriculture, "Restructuring of the Agrarian State Sector" (Maputo, 1992) (see appendix 18).

- a. "In process" may mean anything from the beginning of the evaluation procedures to near completion of the alienation process. In addition, many of these farms have been "in process" for a number of years (i.e., since 1989).
- b. One of these farms is in the process of being "alienated" to a joint venture company.
- c. Three enterprises have alienated blocks or productions units. These are not included in the total number of farms identified by the source document.
- d. These farms have alienated one production unit each. The balance of the farm's assets are in the process of evaluation and alienation.
- e. This farm has alienated one production unit. The process of evaluation and alienation has not begun for the balance of the farm's assets.

TABLE 3
Official divestiture status of state enterprises, by area, July 1992

	SUGGESTED OFFICIAL LEVEL OF RESPONSIBILITY FOR DIVESTITURE								
	Ministry of Agriculture			Provincial			Council of Ministers		
	No. of enterprises	Landed area (ha)	% area	No. of enterprises	Landed area (ha)	% area	No. of enterprises	Landed area (ha)	% area
Alienated (sale or lease)	2	37000	6.93	4	0	0			
In process	9	81140	15.19	3	2008	.376	1	72156	13.51
Joint venture									
Share company	2	12779	2.39						
Nothing initiated	37	310776	58.20	13	5838	1.09			
Total	50	441695	82.79	20	7846	1.46	1	72156	13.51
				Total enterprises	90				
				Total area (ha)	533,905				

Source: *Unidade de Reconstrução das Empresas Agrárias* (UREA), "Classification of State Enterprises" (Maputo: Ministry of Agriculture, 1990) (see appendix 11); Ministry of Agriculture, "Restructuring of the Agrarian State Sector" (Maputo, 1992) (see appendix 18); Ad Hoc Land Commission, internal memorandum, 1992; USAID/Maputo, internal memorandum, 1991.

them. To a certain extent, this is correct; these divestitures are not official and in some cases they are not legal, since the intervention was never made legal in the first place. One wonders what legal problems are being generated as provincial- or district-level governments move ahead with liquidation of assets and land that has not been regularized. What is clear, however, is that land tenure security for those now acquiring state-farm lands unofficially is weak, at best, and will likely affect the investment strategies of the beneficiaries.

The Minister of Agriculture recently responded to the legal counsel's proposal of July 1992. In October 1992, he approved a list of farms and the level of government at which each farm's divestiture should be supervised. Though unclear, it is likely that this list has little authority without approval from the Council of Ministers or the prime minister. Indeed, the report states that the classification may be modified in the future. What is more important, however, is what the document states with regard to divested assets:

In the restructuring process of the productive space of the agrarian enterprises, it is in the Ministry's interest that the initiative to request this or that parcel of the former state enterprise does not rest with private individuals; rather the granting of land to small and medium farmers should be carried out in the context of a coordinated proposal by the local and central institutions. . . . After the approval of that proposal by the Ministry of Agriculture, it will be possible to open the inscriptions to the farmers who are interested in working on the lands, and to select those who have an acceptable farming plan. **In the meantime, any use of the lands of the ex-state enterprises by farmers should be regarded as temporary until such time as the proposal for the global restructuring of the enterprise is approved** (translated from original, emphasis added).

Again, the implications are that land rights to divested farmlands are only temporary. The government asserts that it can take those lands back at its discretion.

The government is still unable or unwilling to determine who shall be responsible for making decisions about the state-farm sector, let alone what those decisions should be. This indecision has been sustained by the government's unwillingness to make a clear political commitment regarding future land policy as well as the status of the state farms. In effect, the government appears to be caught in a loop, with proposals and counterproposals going round and round without decision. Government officials are hesitant to take responsibility for decisions for fear that they will be held accountable for past mistakes or future errors. Certain officials and specific departments continue to think that the problems of state-farm divestiture, land policy, and land use can be planned at the central (or provincial) level. Consequently, there continues to be a clash of ideology and, in the process, government is unable or unwilling to act.

Others have suggested that the central government has not acted or made a decision because it lacks the data to do so. Still others in the central and provincial governments have hinted that no action is being taken because there are many officials who themselves are

acquiring land or have acquired land and who do not want to disrupt the process or bring attention to themselves.

In the absence of any guidance or decisions at the central level, provincial- and district-level officials, state-farm directors, and private individuals (including smallholders) are taking action. Occupation of state-farm lands is occurring rapidly. In fact, we believe that all of the state-farm land in many areas has been occupied—acquired or claimed by private interests or in a few rare cases by smallholders.

It will become apparent in the following discussion that it would be false to think of the divestiture process as one in which land or land rights have been "distributed" to farmers, either to smallholders or to larger commercial farmers. Although many of the proposals suggest distribution to private or family sector farmers, joint ventures, demobilized troops, or displaced people, only in a very few instances has this been carried out.¹⁷

Indeed, quite the opposite is occurring. Rather than the government distributing land (or returning it to its previous owners, whether they are smallholders or larger commercial farmers), the provincial and district governments have "made the land available" for acquisition or occupation. In essence, the rule is that those who know about the availability of land are the ones who acquire it. We will demonstrate that smallholder farmers as well as displaced persons are effectively cut out of the divestiture process. At the provincial level, those officials involved in the divestiture of lands often see the smallholder sector as incapable of productively using former state-farm land.

In many cases, this de facto or ad hoc process of divestiture is based upon legislation designed to address the alienation of infrastructure (but not the distribution of lands) or upon the more visible proposals and policy discussions that took place within the Ministry of Agriculture. For example, guidelines for committees to liquidate state-farm assets proposed by SAUE have been put into practice in a number of places. Recommendations coming from the round table and UREA's proposal of December 1991 have served as a basis for distribution of land (or as the basis for deciding who will have the opportunity to acquire land). These recommendations and proposals, however, have not been officially approved, and no clear mandate has ever been issued at the central level. No official consensus has been reached on who should receive land or on the desirable composition of the agrarian sector after divestiture is accomplished. In many cases, it appears that provincial and district officials are left to act on their own.

It should also be clear that not only are people taking action with regard to state-farm land, but numerous land transactions, sales, and leases in both rural and periurban agricultural zones have occurred. A recent study of Nhamatanda District by the Department of Statistics,

17. The only cases that we are aware of where land has officially been distributed to farmers (i.e., the government has taken an active role in divestiture) have been the farms studied in Chokwe, Buzi, and Marracuene.

Ministry of Agriculture, reported that 20 percent of rural households interviewed had engaged in land sales or leases. A study in the periurban zones of Maputo, conducted by the Office of the Green Zones, reports similarly high transaction rates among its surveyed households.

The issue of what types of land rights should be established and the mechanisms for issuing these rights has never been fully discussed at the central level. Consequently, it remains unclear at the provincial level who has the authority to distribute state-farm land, to whom it should be distributed (or who should have the opportunity to acquire it), how this process is to be carried out, and precisely what ends should be pursued. It is also unclear what types of rights people hold when they acquire land from a state farm or they buy it (or rights to it) on the market.

Amidst all these uncertainties, security of tenure is poor for everyone involved, including smallholders, larger commercial farmers, joint ventures, and international capital. Land disputes are becoming increasingly common and serious. Consequently, investments in land are minimal, damaging agricultural productivity, food security, and environmental preservation.

All of this is made more acute by the current discussions in Mozambique on postwar reconstruction and resettlement of an estimated 6.5 million displaced people. As people begin to move on a massive scale—some moving out of former RENAMO-held areas and some returning to their areas of origin—land rights will become a central issue for most Mozambicans. At the present time, the government appears unprepared to mediate the land conflicts that will inevitably arise in the postwar reconstruction period.

III. RESEARCH METHODOLOGY

A. METHODOLOGY AND OBJECTIVES

This investigation employed a case study methodology. We started by investigating the historical transformations of sociocultural and legal relations among the people in each case study area. In particular, we focused on changes in land use, land tenure, and mechanisms of conflict resolution from the colonial period to the present. We then examined the relationship between official and unofficial—or "traditional"—political institutions, focusing on the historical role of the state-farm sector in local sociopolitical and economic transformations.

A comprehensive literature review was conducted in Maputo before each investigation was carried out. Individuals at Eduardo Mondlane University or in the government, who had previously conducted research in these areas, were also interviewed. In addition, secondary data concerning the state farms was gathered in Maputo from a variety of sources, including UREA (*Unidade de Reconstrucção das Empresas Agrárias*), DEA (*Direcção de Economia Agrária*), the office of the legal advisor to the Minister of Agriculture, and the Ad Hoc National Land Commission.

In relation to the divestiture process, we had five specific research objectives:

1. Examine questions relating to the disposition of both land and nonland assets of state farms. These include, for example, accumulated bank debt of the farms and infrastructure or equipment.
2. Assess the land use rights which have been granted or acquired. Specifically, who is granting land rights to whom and what rights are being granted? What is the methodology of distribution? What is the impact of this distribution on land use, land security, land conflicts, and agricultural productivity?
3. Assess issues of land use rights sought in each area by various groups, such as former owners of the divested lands, workers from the former state farms, displaced persons, and original residents.
4. Analyze organizational and management issues, including technical issues, to identify support required for beneficiaries of divestiture, such as credit or extension services.
5. Recommend actions that can be taken immediately to help rationalize past and forthcoming divestitures. Identify legal, financial, and technical problems that

require further analysis and which should be addressed to enhance the productive and financial impact of state-farm divestiture.

The methodology employed was modified from site to site, depending on the issues encountered. Significantly, the research team constantly reevaluated the data that were obtained, and, when necessary, questions were modified or added to accommodate information not initially anticipated. For example, where the Nhamatanda case study focused primarily on the legal aspects of divestiture, the Vanduzi and Montepuez studies were broadened to include questions related to the role of traditional institutions, particularly with regard to political legitimacy and security of land tenure. In this way, we believe that we have captured as complete a picture of each area as was possible under limited time and security constraints. (For a list of the research questions that guided the team's work, see appendix 21.)

A similar research strategy was followed at each field site. The research team first visited with provincial officials, interviewing those who had direct involvement with the administration of the state farm. The provincial offices of DINAGECA (*Direcção Nacional de Geografia e Cadastro*) and DEA were particularly useful. Second, the team conducted interviews of district- and locality-level¹⁸ officials as well as former state-farm directors and other administrative officials of the farms. The objective was to obtain the "official position" on the functioning, problems, and divestiture process of each state farm (see appendix 22 for a list of officials interviewed). Third, the team interviewed local populations, including former state-farm workers, local smallholders (both men and women), larger commercial landholders, displaced people, traditional authorities, and agricultural extension workers. Finally, the team spoke with the recipients of state-farm land. In the case of the Cabo Delgado state cotton enterprise, all interviewees were selected by field investigators of the provincial office of ARPAC (*Arquivos de Patrimônio Cultural*) and flown to the provincial capital, Pemba, due to security constraints on travel to Montepuez.

Where possible we presented officials with the views of the local population and asked them for their responses and, in turn, crosschecked "official" information with the local population. At least one week was spent at each field site. At the end of each study, we presented officials with a summary of our preliminary findings.

B. FIELD LOCATIONS

This report focuses on three cases of state-farm divestiture in three provinces of Mozambique: Lamego Agricultural State Farm in Nhamatanda, Sofala Province; Vanduzi

18. The locality is a specific administrative unit falling one step below the district level in the administrative hierarchy. References to "local-level government" refer more generally to levels below central government.

Agricultural State Farm in Manica, Manica Province; and Cabo Delgado Cotton State Farm in Montepuez, Cabo Delgado Province.

The study also draws information from three case studies conducted earlier of Massavasse, Chilembene, Conhane State Farms (see Tanner et al. 1993) as well as preliminary data gathered on the state farms of Hokwe, Mapapa, and Nwachicoluane (Chokwe, Gaza Province), Buzi (Sofala Province), and Sussundenga and Gondola (Manica Province). In all, twelve farms have been investigated.

The sites were chosen to provide insight on the importance of several distinct factors in the divestiture process (see table 1). These included geographical location of the farms (e.g., northern, central, and southern regions), climate (e.g., rain-fed and irrigated), crops grown (e.g., food or cash crops) and local cultural and political institutional arrangements (e.g., patrilineal or matrilineal kinship structures). Security constraints were also taken into consideration in choosing field sites.

IV. THREE CASE STUDIES

A. LAMEGO STATE AGRICULTURAL ENTERPRISE, NHAMATANDA DISTRICT

The Lamego Agricultural State Farm (Lamego) was located in Nhamatanda District, Sofala Province, operated from 1984 to 1991, and then was dissolved. The farm claimed a total of 3,726 hectares, but never utilized more than about 500 hectares because of problems caused by a lack of technical capacity, a shortage of seasonal laborers, and inadequate security in the area. In September 1991, with the remaining 190 (out of approximately 350) farm workers on strike due to the nonpayment of salaries over a 15-month period, the office of the Provincial Director of Agriculture (DPA) presented the Ministry of Agriculture with a proposal to shut down operations, liquidate assets unusable or irreparable, and "parcel out" the land of Lamego to "small private farmers." The farm has been inoperative since 16 June 1991.

1. THE COLONIAL PERIOD

Prior to independence, several farms operated in the area later occupied by Lamego. *Polpa Papel* and *Companhia Têxtil de Pungoe* held contiguous lands, totaling 1,500 hectares, about 15 kilometers east of Nhamatanda between the roadway and the railway line (see map 6). The *Companhia Nacional Algodoeira* (CNA) held approximately 930 hectares, straddling the roadway to the east of *Polpa Papel*, and another large plot to the west, on the southern side of the railway line. On these lands, they produced cotton that was transported to a sister company located within Sofala Province, *Moçambique Industrial*, where seeds were separated out and soap and oil made from them. The cotton itself was then shipped on to Portugal for processing. Two other companies, SOALPO and Textafrica, had lands adjacent to CNA's holdings on the southern side of the railway line. Several private individuals held land in the area as well, among them Soares, Osvaldo, Popadac, and Castanheira.

2. INDEPENDENCE AND THE FORMATION OF LAMEGO

Following independence, most of the private holdings in the area were abandoned by their owners. The only certain exception to this was the Osvaldo estate, which is occupied to this day. As such abandonments were occurring throughout Mozambique, the national government in 1975 formed DINOPROC (*Direção Nacional de Organização da Produção Colectiva*) to direct the intervention of the state on abandoned agricultural holdings. Intervention at the provincial level was managed by a GAPPO (*Gabinete de Apoio à Produção*). In 1976, the national government transferred responsibility for intervened lands to the provincial level, and in Sofala, E.E. Sofala (*Empresa Estatal Agrícola de Sofala*) was created one year later. E.E. Sofala represented a conglomeration of holdings throughout the

province, but in the Nhamatanda area, none of the lands identified as state-farm lands were actually exploited by the enterprise.

It was not until 1984 that the *Empresa Estatal Agrícola de Lamego* was formed to exploit lands intervered by E.E. Sofala in the Nhamatanda district. These lands included: 226 hectares from the former CNA holdings to the east of *Polpa Papel*, which were called the John Sanglides Production Unit; all of the 1,500 hectares previously held by *Polpa Papel* and *Companhia Têxtil de Pungoe* between the roadway and the railway line, which were called the Massequece Production Unit; and 2,000 hectares comprised, in part, of the former CNA, SOALPO, and Textafrica holdings west of *Polpa Papel*, which were called the Mecuzi Production Unit (see map 6).

From the beginning, E.E. Lamego was unable to utilize all of the lands it officially held (see table 4). The reasons for this were numerous. The Mecuzi Production Unit, situated more than 8 kilometers from the railway line, was subject to repeated attacks by RENAMO; consequently, Lamego was forced to abandon production there. In the remaining two production units, Lamego never cultivated more than 500 hectares. The enterprise was plagued by a shortage of seasonal labor throughout the period of its existence, since local farmers planted the same crops as Lamego in their own fields and thus were inclined to attend to these fields rather than work for Lamego. For similar reasons, a high rate of absenteeism among the permanent work force also contributed to labor shortages at peak seasons. In the 1984/85 season, over 50 percent of Lamego's maize crop remained in the fields unharvested.

Transportation was another primary problem affecting Lamego operations. The farm not only was unable to transport its produce, but also had difficulties securing adequate technical assistance due to its inability to provide conveyance for technical specialists. While the farm never had a sufficient number of vehicles, those which it did have were often out of service due to a lack of spare parts.

In addition to these difficulties, Lamego had to contend with the drought, which struck the region in the 1985/86 agricultural season, and a steadily worsening security situation around the Beira corridor. By the 1986/87 season, salaries for a defense force to protect the farm from RENAMO and armed bandits accounted for 24.5 percent of the farm's total costs. Despite expensive security outlays, the farm's irrigation capacity was greatly reduced in the 1985/86 season due to the destruction of equipment by RENAMO. All of these factors combined meant that Lamego was incapable of exploiting most of the lands under its control, and consequently its earnings were far lower than projected (see tables 4 and 5).

In its 1988 evaluation, SAUE reported that Lamego was in debt to the Popular Development Bank of Sofala for 111,996,000 meticaís (\$213,325.00 in 1988 dollars) and suggested that a number of steps be taken to address its financial crisis (appendix 23). At the same time, the report suggested that liquidation of the farm be considered. SAUE advised that within the year the farm be converted into a *prestação de serviços*, but divest itself of its land.

TABLE 4
Lamego State Farm: agricultural production, 1986-1991

	1986-1987			1987-1988			1988-1989			1989-1990		
	Area (ha)	Production (tons)	Yield (per ha)	Area (ha)	Production (tons)	Yield (per ha)	Area (ha)	Production (tons)	Yield (per ha)	Area (ha)	Production (t)	Yield (per ha)
Maize	84	73	0.8		81.8						150	
Vegetable	17	122	7.2	26	204	3					30	
Cotton	22	42	1.9								20	
Potato	2	9	4.5									
Mango	36	18	0.5		40.4							
Green bean					0.5						50	
Other crops	6	5	0.8									

Source: Sector for Analysis of Economic Units, Department of Agrarian Economics, Ministry of Agriculture, internal memorandum on state-farm sector, 1988; Director, Lamego State Farm, personal communication, 1 July 1992.

TABLE 5
Lamego State Farm: financial status, 1985-1991

	1985	1986	1987	1988	1989	1990	1991
Receipts (mts)	25,677	19,284	62,200	22,994 ^a	39,964 ^a	206,150 ^a	
Accumulated credit (mts)			114,927				
Accumulated debt (mts)							
BPD ^b			111,996			79,461	164,499
Salaries ^c						44,277	49,988

Source: Sector Analysis of Economic Units, Department of Agrarian Economics, Ministry of Agriculture, internal memorandum on state-farm sector, 1988.

- a. Estimated value of production.
- b. *Banco Popular de Desenvolvimento* (BPD).
- c. Unpaid salaries of state-farm workers.

Neither of these recommendations was implemented, however. In the 1989/90 agricultural season, the farm attempted to alleviate its financial crisis. Among its measures were cuts in the permanent work force and defense militia and the sale of some vehicles and machinery. It also tried to boost production, proposing to the Ministry of Agriculture a 100-hectare expansion of the irrigated area and a general rehabilitation of the farm's infrastructural capacity.

This strategy proved inadequate. By 1991, even after a 1987 adjustment of its debt, Lamego owed more than 164,517,000 meticaís (\$85,588.00 in 1991 US dollars) to the BPD of Sofala. Beyond this, it had been in arrears on 190 workers' salaries for 15 months, representing another 44,988,358 meticaís (\$23,678.00).

On 16 June 1991, the Lamego work force went on strike and operations shut down completely. With the farm inoperative and de facto land occupations occurring, the office of DPA informed the Ministry of Agriculture that Lamego was paralyzed, and proposed that it be dissolved and its lands distributed between the private and family sectors (see appendix 24).

3. DIVESTITURE OF LAMEGO ASSETS AND LANDS

On 10 October 1991, UREA responded to the DPA's proposal (appendix 25). UREA suggested guidelines which would be appropriate for a divestiture of lands, emphasizing a need to establish a *casa agrária* in support of "family sector" farming. UREA reiterated its previous, unapproved position that state-farm land should be distributed to (a) workers of the enterprise, (b) demobilized troops (born in the region), and (c) returned migrant workers (also born in the region). The smallholder sector was not included in this list of priorities.¹⁹

The Ministry of Agriculture never officially responded to the proposal coming from the DPA's office, and since the ministry has never approved UREA's proposals, DPA and the directors of Lamego were left with no official guidance. Lamego had been identified by SAUE in its proposal of 9 November 1989 to the Ministry of Agriculture as an enterprise whose future should be determined at the provincial level, but this categorization had never been made official policy. Nonetheless, after October 1991, provincial officials, perhaps taking their lead from the 1989 SAUE proposal, took action themselves, liquidating assets and divesting state-farm lands.

The process of "distribution" (or more precisely, acquisition) of land which started in September 1991 in Nhamatanda did not have official sanction. As a result, the tenure rights of recipients of former state-farm lands were uncertain.

19. UREA's counterproposal stated an opposition to USAID's position on freehold tenure rights and mistakenly assumed that the Land Tenure Center's position on the development of land tenure security was limited to freehold tenure and the establishment of land markets.

With regard to process, theoretically the district-level executive council is responsible for overseeing the distribution of lands under its jurisdiction.²⁰ In the case of its incapacity to exercise this responsibility, these duties fall upon the provincial office of DINAGECA (1987 Land Law Regulations, Article 10) (see appendix 3). According to the DPA of Sofala, this is the case throughout the province. Therefore, applications for land use titles in Nhamatanda are presented to the office of the District Director of Agriculture (DDA), and are then forwarded to the DPA's office for review and final approval by the governor of Sofala (1987 Land Law Regulations, Art. 8). In the case of grants in excess of 250 hectares, applications must be approved by the Ministry of Agriculture itself (1987 Land Law Regulations, Art. 7).

Before Lamego shut down operations, three former holders of Lamego land had taken steps to reactualize their original titles according to a provision within the 1987 Land Law Regulations (Art. 79) giving colonial-era landholders three years to do so. *Moçambique Industrial* had applied for, and has since occupied, all of the lands held by CNA prior to independence. These lands included not only parts of the Mecuzi Production Unit and all of the John Sanglides Production Unit, but also lands around the John Sanglides Production Unit which Lamego itself had never intervened. SOALPO and Textafrica had applied for, and have since occupied, their former lands as well.

As soon as Lamego collapsed, several private individuals also applied for, and occupied, tracts of Lamego land (see table 6). These included a holding company, SAIPAL (formed by the ex-director of the BPD of Sofala and the Provincial Director of Commerce in Sofala), which occupied 500 hectares in the former Massequece Production Unit. The director of the DPA has applied for a 250-hectare holding, but has occupied only 14 hectares, in the Massequece Production Unit.

A cooperative association, the *Associação dos Irmãos Unidos por Amor Cristo*, consisting primarily of former state-farm employees, holds 27 hectares in the Massequece Production Unit which are being farmed with irrigation equipment rented from a local private farmer. Smallholders have occupied lands scattered throughout all three production units on the understanding that they will leave when the war ends.

The use titles for which individuals and private enterprises have applied would grant the bearer a 50-year leasehold on land. Currently, no titles have actually been issued to

20. As noted in section 2, it remains unclear whether state-farm lands have the same legal status and fall under the same jurisdiction as other lands.

TABLE 6
Lamego State Farm: land divested to the private sector, 1991^a

NAME	DATE OF OCCUPATION	AREA (HA)	BLOCK
Moçambique Industrial	1991	930	John Sanglides
	1991	104	Mecuzi
SOALPO	1991		Mecuzi
Textafrica	1991		Mecuzi
SAIPAL			
Ex-director of BPD, ^b Beira	1991	250	Massequece
Provincial Director of Commerce (Sofala)	1991	250	Massequece
Director, Provincial Agriculture (Sofala) ^c		250	Massequece
Director, Provincial Agriculture (Sofala)	1991	14	Massequece
<i>Associação dos Irmãos Unidos por Amor de Cristo</i> (cooperative)	1991	27	Massequece
Morais Nobre	1991	250	Mecuzi
Pedro Chichone	1991	150	Mecuzi
Major Salomão Maxaque	1991	150	Mecuzi

Source: Director, Lamego State Farm, personal communication, 1 July 1992.

- a. None of the land belonging to the state farm was allocated to the family sector. At the time of distribution, some of these beneficiaries also received land concessions outside the state farm.
- b. *Banco Popular de Desenvolvimento* (BPD).
- c. Land applied for but not yet occupied.

applicants for former state-farm lands.²¹ According to the provincial office of DINAGECA, the province is awaiting final approval from the Ministry of Agriculture before these titles are conferred. The general feeling, however, is that occupants of former state-farm lands, having initiated the process of applying for use titles and having occupied the land, do have secure 50-year use rights; consequently, these holders are proceeding on this assumption (1987 Land Law Regulations, Art. 32).

4. THE FAMILY SECTOR: SMALLHOLDER AGRICULTURE

Theoretically the issuance of use titles to smallholders is conducted through the same channels as for larger commercial farmers (1987 Land Law Regulations, Art. 55). The District Agricultural Director stated, however, that no "family sector" farmers in Nhamatanda had initiated the process, whether on former state-farm lands or outside of them.

In the immediate area of the Lamego State Farm, smallholder farmers occupy lands located between the three production units as well as some lands within them (see map 6). For the most part, those on lands outside of the former Lamego boundaries have been there for an extended period, in some cases 25 years or more. Soil quality in these areas is poor—the land having been overused and not permitted to lie fallow for some time—and so smallholders have sought to supplement their holdings with small plots elsewhere. Some cultivate lands a short distance away on the southern banks of the Muda River, but the area is considered insecure since it lies outside of the "corridor." These plots are worked primarily by women. Other smallholders work small plots on former state-farm lands now considered to be held by private individuals or enterprises. Their rights to these lands (negotiated from year to year) are insecure, and they have been told they must leave at war's end.

While a large-scale exodus of original residents (*refugiados*) from the Nhamatanda district to more secure regions, including Beira, has decreased the number of original inhabitants competing for land in the area, an influx of displaced people (*deslocados*) and returnees (*regressados*) from other parts of the country has had an offsetting effect (see table 7). In addition to those originally from the area, some of these newly arriving people are also occupying former state-farm land.

The Executive Council and the District Agricultural Director of Nhamatanda are, de jure, responsible for the allocation of lands and the settlement of disputes within the family sector as well as the private sector. When the family sector expands, or a newcomer desires land (as happens most frequently when a *deslocado* or a *regressado* marries into a family originating in the area), the executive council is charged with finding a suitable plot for the new family unit (1987 Land Law Regulations, Art. 48). Theoretically the executive council works in cooperation with district-level extension officers, who in turn consult *enquadradores*

21. It is not clear whether titles are being issued to other private landholders in Nhamatanda District or elsewhere in the province.

TABLE 7
Nhamatanda area population, 1991

	TOTAL POPULATION	MEN	WOMEN	DISPLACED	REFUGEES	RETURNEES
Nhamatanda locality	95,000 ^a	49,400 ^a	45,600 ^a	15,479 ^b	25,326 ^a	5,000 ^b
Tica locality	11,079 ^a	5,395 ^a	5,684 ^a		1,134 ^a	
Total area	106,079	54,795	51,284	15,479	26,460	5,000

Source: a. Sofala Province, Planning Commission, internal memorandum, 1991.
b. National Emergency Program, May 1991.

—unofficial (and uncompensated) individuals of "high standing" in the community.²² Land disputes within the family sector are supposed to be resolved through these institutions, starting with the *enquadradores* and moving up to the executive council if still unresolved.

According to DDA, these "arrangements" provide "family sector farmers" with sufficient security of tenure so that they do not feel the need to apply for use titles. Despite the fact that there is an intense pressure on land in the area—most lands cultivated by smallholders being of poor quality, located outside of the "corridor," or made available only on a temporary basis—the DDA office predicts that land shortages will be eliminated with the end of the war, when displaced populations return to their lands of origin and the original inhabitants of Nhamatanda are permitted to expand onto lands south of the Muda River.

The situation for smallholders, however, is more complex than the local government's projections would indicate. While it is true that use titles are not being solicited by smallholders, this is not because they feel adequately secure on their lands. To begin with, smallholders have not been informed about the possibility of obtaining such documents, the process by which it is done, or the significance of holding them. The DPA's view that titling is not "obligatory" for the "family sector" (1987 Land Law Regulations, Art. 47) has in effect been translated into a policy at the local level in which information concerning the process is unavailable to smallholder farmers and titling has become inaccessible to them. Furthermore, lands between the former state-farm production units are of such poor quality that the expense of obtaining a use title (40,000 meticaís plus surveying costs) would not be worth the investment. Given that the only information presented to smallholders concerning former state-farm lands is that they must be vacated after the war, the assumption is that applying for use titles in those areas would be a waste of time, money, or both.

Although the executive council is supposed to inform the local population of opportunities for obtaining land and securing use titles as well as to organize the population for these purposes (1987 Land Regulations, Art. 27 and Art. 48), it has not done so with regard to the distribution/acquisition of Lamego state-farm land (and most likely has not done so for other, non-state-farm lands). The justification for this is that the population is in great flux presently, and such measures, taken before the end of the war, would be impractical and disruptive. Beyond this, the executive council in Nhamatanda has taken the position that because state-farm lands throughout Mozambique were never formally "legalized," it is not the responsibility of official governmental structures to oversee their transfer from one party to another. The distribution of such lands is therefore left to the state-farm management and those making solicitations directly to it for access to its lands.

As a result of this confusion concerning who is actually responsible for advancing the interests of smallholders, and what those interests are, the situation has arisen in which

22. In reality, very little land is allocated, or very few disputes resolved, through "official" institutions. Most individuals approach family or lineage heads, or in some cases former land chiefs or *regulos*. This pattern is clearer in the Vanduzi and Montepuez case studies.

smallholders' access to secure tenure rights in the area has been postponed, while in the interim, private individuals and enterprises have occupied—and taken the necessary steps to secure access rights to—the lion's share of former state-farm lands. What is more, with the aid of the 1987 Land Law Regulations on reactualization of colonial-era titles, private individuals have also been able to do so with large areas outside of the former state-farm boundaries (*Moçambique Industrial* occupying and applying for reactualization of use rights to 930 hectares that were never intervened by Lamego, for example). When abandoned by their colonial owners, parts of these lands had been occupied by smallholders after independence. With private holders now receiving 50-year leaseholds on these lands, family sector rights are officially eliminated there (1987 Land Law Regulations, Art. 36).

In principle, such displacement of smallholders is not supposed to occur, according to DDA (1987 Land Law Regulations, Arts. 50-54). When use title applications are submitted, lands are to be inspected to ensure that no one is occupying them before the application is forwarded to the provincial level (1987 Land Law Regulations, Art. 32). In practice, the office lacks the personnel and transportation necessary for this, and so the executive council simply posts a notice concerning the application. If no counterclaims are lodged within 30 days, it is assumed that the land is unoccupied. Such measures are undoubtedly an inadequate means of ensuring that the largely illiterate and unorganized smallholder sector is protected against land dispossession at the hands of large private interests.

5. CONCERNS RAISED BY THE CASE OF LAMEGO

A number of issues are brought to the fore in an examination of the divestiture process in Nhamatanda. First among these is the lack of any clear directive from the Ministry of Agriculture or the central government articulating how the process is to be carried out and to whom state-farm land should be distributed as well as what types of rights are to be granted. The DPA's office received no official confirmation of its proposal. The Minister of Agriculture's directive of 19 October 1992 indeed contests the legality of such processes, but distribution/acquisition has, nonetheless, begun, leaving the legal status of the state farm and its divestiture in question.

This uncertainty places the security of use rights of the private holders now on Lamego lands under some suspicion, but at the same time it has allowed them to occupy land without any compensation to the state. In the case of Buzi State Farm, also in Sofala Province, we were informed that the private enterprise gaining access to the state-farm land and infrastructure agreed in exchange to pay the existing debt to the BPD of Sofala. This served the purpose of recovering some of the bank's financial losses—in principle a primary goal of the divestiture process at the national level. Such arrangements were never made for Lamego infrastructure and lands.

Another concern derives from the lack of an officially sanctioned process of divestiture, formally announced, with a declared time table; those who have taken the initiative, without official invitation, have been privileged in the process. As the executive

council is hesitant to represent a family sector in flux, and has not been officially mandated to do so with regards to state-farm lands, the larger commercial sector has a decisive advantage over smallholders in acquiring land. The smallholder sector remains uninformed, unorganized, and uncertain that it has any use rights vis-à-vis anyone with "a piece of paper" telling them they must move elsewhere. Where the executive council is supposed to play a role in organizing and informing the local population, we were told by local officials that they would have to "organize themselves" to gain access to state-farm lands. In the absence of any legal representation for the smallholder sector, no lands have officially been set aside for them, and little will remain for them if and when the process formally begins.

The exclusion of smallholders from ensured participation in the distribution/acquisition process is problematic for a number of reasons. *Refugiados* returning from Beira will in many cases claim access to their former lands, despite the local assumption—underlying the redistribution process as practiced through the *enquadradores*—that treeless lands vacated for more than three years may be reallocated. To complicate matters, it cannot be assumed, as it is by the district and provincial administrations, that the vast majority of *deslocados* and *regressados* now in Nhamatanda will want to return to their lands of origin. While it may be true that these lands in "areas of origin" are more fertile and population pressure on them considerably lower, remaining in Nhamatanda would present considerable advantages, namely, access to infrastructure, markets, and employment opportunities. These possibilities may not exist in their areas of origin, situated as they are in zones where RENAMO has been active and destructive. The faith at the provincial and district levels in the governments' five-year plan for rehabilitation of these zones is naive and imprudent, and, with most of the good state-farm land already distributed de facto, local officials will have no safety valve when pressure mounts and land disputes increase.

Finally, the exclusion of smallholders from access to state-farm lands, and in some cases their concurrent displacement from contiguous lands, indicates a dangerous tendency to repeat the mistakes of the past insofar as it demonstrates a lack of genuine confidence in, and support of, smallholder agriculture. Officials completely disregarded the fact that many of these people were in their areas of origin and that others, though displaced by the war, would choose to remain on their new lands. Officials held the opinion that the family sector lacked the capacity (particularly with regard to capital inputs) to exploit former state-farm lands. They felt that these lands should be reserved for those who were more capable of successfully utilizing these resources.

It remains to be seen how smallholders will respond to new dislocations when the war is over. The government may be seen as the cause or facilitator of this process, leading to renewed animosity and distrust. At the very least, this trend will prove costly not only for the smallholders denied the opportunity to sustain themselves and produce a surplus for the market, but for the nation as a whole, as a smallholder sector under siege will yield diminishing agricultural returns, undermining the contributions of a newly developing and tentative larger commercial agricultural sector.

B. VANDUZI STATE FARM, MANICA DISTRICT

The Vanduzi Agricultural State Farm (Vanduzi) was located in Manica District, Manica Province, and operated from independence until 1990. The farm officially claimed 4,000 hectares, but never cultivated more than approximately 800 hectares due primarily to managerial incapacity, lack of technical means, and a steadily worsening security situation in the region. The farm did succeed in repaying as much as 40 percent of its yearly credit during its most productive years. This contrasts with other farms investigated. However, credit was cut in 1989 and the farm was forced to shut down in the next year.

1. THE COLONIAL PERIOD

Prior to independence, the lands which were later to be occupied by Vanduzi were held by several individual colonial farmers (see maps 7 and 8). The area was attractive to colonial farmers due to its rich soils, numerous rivers, and proximity to the railway line running from Rhodesia to the coastal port in Beira.

Many colonial farms were clustered around the Vanduzi administrative post, where the railway line intersected with a roadway which ran south, about 15 kilometers, to the principal auto route between Rhodesia and Beira, and north, through Catandica, into Tete. In this zone, Antônio Rodriguez Nogueira held a 1,175-hectare plot; Joaquim Pina, two contiguous plots totaling just over 1,000 hectares; and José Afonso Ribeiro, a parcel of 1,502 hectares. Several others also had holdings of between 180 and 500 hectares scattered between these.

Farther north, along the road to Tete, was another cluster of holdings which would later be included in the lands intervened by Vanduzi. These plots started about 20 kilometers north of the Vanduzi post, where F.L. Simões, Antônio Nogueira, Quinta "Delfina Primeira," and Quinta "Delfina Segunda" each had holdings of approximately 2,000 hectares. The northernmost holdings were those of Herdade "Herminia" and Joaquim Pina, again of about 2,000 hectares each, at a distance of about 40 kilometers from the Vanduzi post.

These private farmers cultivated corn, potatoes, sunflowers, beans, and a variety of other vegetables in addition to maintaining orchards of citrus fruit, avocado, mango, and litchi. They also cut timber in some areas. Most of their harvests were marketed in either Chimoio or Beira.

They made use of both seasonal labor (including men, women, and children) during the peak periods of planting and harvesting and a permanent work force (which consisted only of men). They employed *capataz* (overseers) to manage their labor crews. In accordance with Portuguese law, it was their practice to permit the households of their permanent labor force to live on their holdings and to cultivate small *machambas* for subsistence in areas they were not using themselves.

The remainder of the indigenous population lived and farmed outside of the areas held by colonial farmers, either further from the railway line or on lands of poorer soil quality. Their land tenure arrangements were not directly controlled by the colonial regime, but rather administered through the cooperation of *régulos*—indigenous authorities previously called *mambos* by the local population. In the vicinity of the Vanduzi post, there were two *régulos*. One administered the Pungoe *régulado*, the other the Chibata *régulado*. Under each *régulo* were two land chiefs who administered smaller areas, and beneath each land chief, eight or ten *fumos* who were responsible for yet smaller areas.

Within this system, the Shona-speaking patrilineal population lived in dispersed settlements and practiced shifting agriculture. The *régulos*, and their subordinate authorities, approved the occupation of new lands—whether by the existing population or newcomers—according to their knowledge of the region. They attempted to ensure preservation of sites of particular religious significance such as cemeteries. They were mandated to tax their populations on behalf of the colonial administration, and if they resisted, they would be beaten or imprisoned and replaced with more cooperative mediators (see Isaacman and Isaacman 1983). They were, however, permitted to organize local religious ceremonial functions, including rituals to bring rain.

Despite their roles as mediators of Portuguese rule, many *régulos* maintained an essential role in social life and some level of legitimacy with their populations.²³ They resolved conflicts between individuals or families in their areas—be they conflicts over marriages, property, or land. It was only when the *régulo* failed to settle a dispute (and this was rare) that the case would be taken to officials of the Portuguese administration at the locality level.

The *régulos* were responsible not only for conflict management outside of colonial holdings, but also for resolving those problems arising between indigenous peoples living, and cultivating *machambas*, on colonial farmlands. This was true regardless of whether the farm hands were of local origin or migrants from another region.

Authority was inherited by the eldest son upon the death of a *régulo*. If the *régulo* had no sons, a daughter could take the position. In any case, the line of succession was not automatic. If the population lacked confidence in a particular individual's capacities, that individual could be prevented from becoming a *régulo*, or even stripped of his or her title, in favor of one (of the same family or lineage) with whom the population felt more secure. This mechanism of popular authentication continued into the colonial period, when it was tolerated, within bounds, by the Portuguese administration.

23. See Geffray (1990) for an account of relations between *régulos* and their populations in Nampula Province.

2. INDEPENDENCE AND THE FORMATION OF VANDUZI

Upon independence, nearly all of the colonial landholders in the Vanduzi area abandoned their farms. In 1976, GAPPO intervened a large number of these farms, but had great difficulty in organizing the work force, managing the finances, procuring the necessary means of production, and maintaining equipment and infrastructure. Originally the entire farm constituted one unit in a larger project called the "120,000 Hectare Scheme." The project included Vanduzi, Sussundenga, and Catandica in Manica Province as well as 20,000-hectare blocks in Zambezia Province and Niassa Province.

In 1981, technical assistance was arranged with the East German government, and East German equipment was brought to Vanduzi in an effort to increase production and efficiency. In 1984, *Empresa Estatal Agrícola de Vanduzi* was formed from the agricultural lands in the area previously under the larger management unit of the 20,000-hectares project of Manica/Sofala. Some improvements were made. However, the farm was never able to exploit more than about 800 hectares of the several thousand available to it. Thus, while it was cultivating essentially the same crops as its colonial predecessors, its productivity remained low (see tables 8 and 9).

At its peak in 1987, the farm employed 368 workers, and some of them were permitted to farm their own *machambas* on lands not used by the state farm, as they had in the colonial era. Many workers, however, were not able to do so because the vast majority of state-farm lands lay in areas coming under increasingly frequent attack by RENAMO units.

The security situation dramatically worsened in the mid-1980s, and East German technical assistance was pulled out of Vanduzi. Between 1985 and 1988, the area of land cultivated by the state farm dropped from around 800 hectares to about 300 hectares, and Vanduzi was increasingly unable to pay back the credits it had been receiving from the BPD of Manica (see table 10).

3. THE PROCESS OF VILLAGIZATION

The spread of the war has had dramatic implications not only for the state sector, but for the smallholders as well. The population has been crowded into the Beira corridor in successive waves of government-forced resettlement and "voluntary" flight. Consequently, it far exceeds the carrying capacity of the land (see table 11).

The process of villagization in Vanduzi actually began under the Portuguese administration with the creation of a number of *aldeamentos* along the roadway, where the population could be more closely monitored by a nervous colonial regime fighting a nationalist guerrilla army which was spreading from the northern part of the colony. After independence, villagization was, in fact, intensified by the FRELIMO government. The justification was twofold. First, populations gathered together in villages could be more easily reached by campaigns to improve health services and education. Second, with the rise

TABLE 8
Vanduzi State Farm: production data, 1981-1984

	1981/1982			1982/1983			1983/1984		
	Area (ha)	Production (t)	P/ha	Area (ha)	Production (t)	P/ha	Area (ha)	Production (t)	P/ha
Maize	3,380	4,732	1.4	2,449	1,175	0.5	1,045	1,568	1.5
Sorghum	176	35	0.2						
Wheat	60	36	0.6	27	59	2.2	50	50	1.0
Sunflower	718	72	0.1	273	27	0.1	60	30	0.5
Beans	110	77	0.7	272	27	0.1			
Soya	105	21	0.2	40					
Potatoes	196	510	2.6	53	583	11			
Vegetables	53	519	10	74	736	9.9	100	1,084	10.1
Fruit							20		
Other							29		

Source: Sector for Analysis of Economic Units, Department of Agrarian Economics, Ministry of Agriculture, internal memorandum on state-farm sector, 1988.

TABLE 9
Vanduzi State Farm: production data, 1984-1987

	1984/1985			1985/1986			1986/1987		
	Area (ha)	Production (t)	P/ha	Area (ha)	Production (t)	P/ha	Area (ha)	Production (t)	P/ha
Maize	563	951	1.7	567	624	1.1	510	1,045	2.1
Maize, irrigated									
Sorghum	12	6	0.5	15			150	120	0.8
Wheat	18	33	1.8						
Sunflower	60	30	0.5	124	11	0.1	200	160	0.8
Beans				20			25	15	0.6
Soya									
Potatoes				3			35	525	15
Vegetables	36	426	11.8	25			60	700	12
Fruit	20			70			25	375	15
Cotton							150	225	1.5
Ground nuts									
Other							10	5	0.5

Source: Sector for Analysis of Economic Units, Department of Agrarian Economics, Ministry of Agriculture, internal memorandum on state-farm sector, 1988.

TABLE 10
Vanduzi State Farm, financial status, 1984-1990

AGRICULTURAL CAMPAIGN	CREDIT UTILIZED ('000 mts)	CREDIT REPAID ('000 mts)	% OF REPAYMENT	CREDIT TO BE REPAID ('000 mts)	ACCUMULATED DEBT ('000 mts)
1984/85	38,149	16,844	44.2	21,306	10,171
1985/86	43,627	21,061	48.3	22,566	25,846
1986/87	87,917	25,275	28.7	62,642	71,942
1987/88					
1988/89					
1989/90					

Source: *Banco Popular de Desenvolvimento* (BPD), Manica, internal memorandum, 1988; *Banco Popular de Desenvolvimento*, Chimoio, internal memorandum, 1992.

TABLE 11
Vanduzi administrative post: population data, 1991-1992

	1991			1991		1992	
	Men	Women	Total	Total # of families	Average family size	Total population	Displaced people
Administrative post of Vanduzi	8,742	9,455	18,197	3,645	4.99	31,669	4,297(?)

Source: Executive Council, Vanduzi State Farm, 1992.

of RENAMO destabilization in the region, villages could be more easily protected from attacks.

Whether or not the FRELIMO program for villagization developed into a campaign to concentrate the population for collectivized production and to establish political control in the rural zones, as some have suggested, it was poorly received at the local level. This was due, perhaps in large part, to the concurrent crusade to eliminate the functions of traditional authorities. "Former" *régulos*, despite their ongoing social influence in many areas, were denied the right to hold political office higher than that of village secretary, and local populations were strongly encouraged by party leaders at the local level to select other people for even these positions. Where village secretaries were not individuals holding a traditional position—be it *régulo*, land chief, or *fumo*—individuals of longstanding influence were denied any officially sanctioned role in land administration and dispute settlement and were often not even consulted. This promoted schisms within local communities between populations aligned with official leaders, on the one hand, and unofficial leaders, on the other hand.²⁴ In most cases, *régulos* themselves had to request land from the village secretary. Land disputes were to be resolved by these same secretaries or, in the case of state-farm workers farming on state-farm lands, by the *secretaria de empresa*—a representative of the state administration. In reality, many people continued to resolve disputes through "traditional" institutions.

Still, many problems resulted from the absence of traditional authorities in the official land administration process. Foremost among these was the location of villages, and the allocation of lands, in areas of poor agricultural quality.

Various other factors contributed to the decline of agricultural productivity and the impoverishment of the local populations. The flight of Portuguese settlers had given rise to a crisis affecting credit and trade. The war resulted in the destruction of infrastructure and the uprooting of vast segments of the population. Most recently, a drought has left riverbeds dry and crops withering in the fields.

While the causes are complex, however, many among the local people express the belief that all these problems can be attributed to government's lack of respect for the *régulos* and the ill-advised policies of villagization. They complain bitterly about insufficient lands to sustain the population and the spread of disease in the densely populated communal villages. Their manner of expressing this discontent is clearly focused on the subject of traditional authorities: before independence, the *régulos* were permitted to organize ceremonies to bring the rain and, with it, the prosperity of their people; upon independence, we were repeatedly reminded, these ceremonies were banned, and now the region suffers.

24. The issue is beyond the scope of this paper; however, recent findings and previous research by Geffray (1990), Hanlon (1990), and Sidaway (1992) indicate that social relations were radically "transformed," "inverted," and "compressed" by the establishment of official institutions of government at the locality level.

4. DIVESTITURE OF VANDUZI ASSETS AND LANDS

As with most other "functioning farms," bank credit was suspended to Vanduzi in 1989. Without credit to purchase the necessary inputs for the 1990/91 season or to pay wages, DPA was forced to shut down Vanduzi operations in 1990.

SAUE made a preliminary evaluation of the farm in 1988. Some time after this, it recommended that the farm's assets be sold to the Beira Corridor Group (BCG). It also suggested that the remaining infrastructure be used to house a *prestação de serviços*. SAUE advised that the farmland be divested to "families in transition, and small and medium private farmers." Later UREA recommended that former workers of the state farm and demobilized troops be added to the list of recipients.

It is unclear if officials at the provincial level of government or at the state-farm level made formal proposals for closure and liquidation to the Ministry of Agriculture before they took action. It is clear that the ministry had identified Vanduzi as one of the enterprises whose divestiture it should control. However, since none of the ministry's proposals were ever known to be approved, the provincial-level officials assumed responsibility themselves.

The only guidelines for the provincial government came from the laws on evaluation and liquidation of state assets (Laws nos. 13/91, 14/91, 15/91, 17/91, 28/91, and 31/91). Consequently, soon after the farm was closed in 1990, two commissions were created to oversee the process of liquidating farm assets. The first commission, consisting of provincial-level representatives of the Popular Development Bank, the Ministry of Agriculture, the Ministry of Construction and Water, the Ministry of Finance, and the Mozambican Worker's Association, was charged with evaluation and alienation of equipment and goods belonging to the state farm. Revenues generated from this activity were used to pay off debts and salary arrears.

A second commission was formed to evaluate and alienate state-farm infrastructure. This commission consists of provincial-level representatives of DINAGECA, the Ministry of Agriculture, the Ministry of Finance, the Ministry of Construction and Water, and the Ministry of Registries and Notaries. This commission has not yet completed its activities.

With regard to the lands constituting Vanduzi, no such commission was formed. In fact, no official process for divestiture of lands was articulated, and occupations of former state-farm land, whether by larger commercial farmers or smallholders, have been spontaneous. Nine commercial farmers have started the process of applying (in this case directly to the post-administration level) for use titles to former state-farm lands, usually after occupying the land with the consent of DPA (see table 12).

While procedures for obtaining former state-farm lands have not been clearly articulated, priorities do exist, according to DPA. Small private Mozambican farmers have been given highest priority, and the decision has consequently been made to exclude foreign companies from occupation and application for use titles.

TABLE 12
Vanduzi State Farm: land divested to the private sector, 1991

NAME	AREA (HA)	DATE OF OCCUPATION	RESIDENTIAL ADDRESS OF APPLICANT
José Meque	150	1983	Chimoio
Joaquim Mucave Chongo	1,175	1990	Vanduzi
Ana Joaquim Constantino	250	1990	Chimoio
ZIMOFA ^a	1,000	1990	Vanduzi
Augusto Jaime	250	1990	Chimoio
Textafrica	800	1990	Chimoio
José Dias de Sousa Lario	100	1990	Vanduzi
Antônio da Esperança Chukwa	500	1990	Chimoio
José Albino Rodolfo	50	1991	Chimoio
TOTAL	4,275		

Source: Executive Council, Vanduzi State Farm, 1992.

a. Business venture of Mozambicans and Zimbabweans.

Second priority has been given to former state-farm technicians and managers "who have the experience and means to make use of existing infrastructure." A third, if only implicit, priority has been given to *antigos combatantes*—former FRELIMO fighters—during the war for independence. Several of the private applicants for lands fall into this category. Others are government functionaries from Chimoio.

As yet, no titles have been granted to these private farmers. Several reasons were given, including the facts that infrastructure had not yet been evaluated and that applicants had not yet been able to complete the application process—by demonstrating a capacity to farm the land—due to the security situation. However, it remains unclear whether titles would be granted when these obligations are fulfilled, since the legal status of the divestiture process remains under question. Consequently, some private farmers experienced difficulties in obtaining credit and investing in their farms due to uncertainty about their future tenure security.

5. THE FAMILY SECTOR: SMALLHOLDER AGRICULTURE

Since some occupations have been "spontaneous," the provincial office of DINAGECA has been unable to survey the lands applied for by larger commercial farmers, and their applications for these lands have not been publicly posted. Consequently, former state-farm workers and other smallholders have frequently been displaced, or threatened with future displacement, as this process has evolved.

The family sector has not, according to the office of the Provincial Director of Agriculture, been given priority in the divestment of state-farm lands due to the fluid nature of the population as well as an incapacity to exploit the infrastructure found there. Some larger commercial farmers, in fact, may be interested in employing some former state-farm workers and allowing them to continue farming small *machambas* of their own on private lands not being used, as has been permitted in the past. We spoke to one farmer who was already employing 35 workers and providing 350 hectares for their use. There is, however, no guarantee that he, or other larger commercial farmers, would do so in the future when they are better able to exploit their own lands.

The DPA, in conjunction with the provincial director of DINAGECA and in coordination with the Italian Cooperation's Program of Rural Development in Manica Province, has, nonetheless, taken concrete steps to assist family sector farmers presently living in the area. With DINAGECA's consent, the Italian project has constructed two villages on former state-farm land and is requesting permission to build a third. These villages serve not only as locales for aid programs, such as distribution of food, clothing, and medical care, but also as nuclei for communities which are granted temporary access to state-farm lands for subsistence cultivation. In the first village, Bela 1, constructed in 1991, each of 224 families has been granted 1 hectare of land.

These communities are highly "synthetic," containing *deslocados*, *regressados* returning from Zimbabwe, and people of local origin from both *régulados*. Former state-

farm workers are represented as well. Despite this diversity of origin, the program appears to have been relatively successful in achieving its goal of delegating a high degree of autonomy to the villages with regard to land management.

Each village has an extension worker, appointed by the Italian project, who oversees the distribution of lands, but also has a village secretary and a *líder dos camponeses* (village political leader), who are each elected in a general assembly of the population. These popularly elected officials participate in decisions regarding land allocation and resource management, and the *líder dos camponeses* has responsibility for the resolution of disputes.

While these officials are popularly elected, present-day *régulos* have an influence in the process, negotiating a balance of representation according to the different groups represented and nominating people of popular legitimacy. These officials then consult with the *régulos* when making important decisions. This was confirmed in interviews not only with the *régulos* and officials of the project villages, but with officials of the post administration as well.²⁵

The rights of these villages to state-farm lands, however, remains in question. In other areas of Manica, villages such as these—as well as former state-farm lands used by villagers for subsistence production—have been demarcated as "reserve areas." Such is the case in Gondola, where the Italian project has created another village using state-farm land.²⁶

The villages in Vanduzi have not yet been granted reserve status, but have requested it and may indeed obtain it in the near future. Nevertheless, demarcation as a reserve area has no legal standing and is seen as merely a temporary measure. Its maintenance depends on a verbal agreement by DINAGECA to deny private farmers' requests for occupation and application of title. When the war is over, it remains to be seen what will become of these lands.

Officials of the DPA office and the provincial office of DINAGECA expect the majority of occupants of these villages to return to their lands of origin, a sentiment clearly expressed by many of the people themselves. Once this migration occurs, it is felt that the reserve area will not be needed.

25. Other sources indicated that despite the nominal influence of representatives of "popular legitimacy," local residents considered the village to be "run by the Italians" rather than themselves. The usual negative sentiments regarding village settlement patterns were also said to be widespread. A high dependence on aid no doubt contributed to tensions.

26. See appendix 26, "Synthesis of the Delimitation of Zones of the Following Protection Zones: Ganhira, Matole, Chicacuale, Tembe, Nhamazize, Monte Chimoio, Niza, Marera," a proposal to create protected zones in Manica Province by the Provincial Office of Services of Geography and Cadastre, the Gondola District Agricultural Director, and the Gondola District Administrator.

6. CONCERNS RAISED BY THE CASE OF VANDUZI

The case of Vanduzi raises several issues. As in Nhamatanda, most local officials feel that the majority of family sector farmers—whether *deslocados*, *regressados*, or people of local origin compressed into the corridor as a result of the war—will return to their lands of origin at war's end. In this case, it was verified that the population itself shares this sentiment, at least to some degree. The perspective of these people is limited, however, and somewhat contradictory with regard to the future.

It is true that most *camponeses* associate existing settlement patterns in condensed villages not only with poverty, hunger, and disease, but also with political subordination to government officials who do not respect their cultural practices. For these reasons, they express a strong desire to "get out from under" the hand of FRELIMO and return to dispersed settlement patterns, under the administrative authority of "traditional" institutions, in the "abundant lands" outside the villages. At the same time, they are aware that they will need access to markets, agricultural inputs, and credit upon their return to more distant lands. They also express a strong desire to have schools and health clinics made available to them. While the government has ambitious plans for the reconstruction of rural areas destroyed during the war, its success will depend upon the active participation of larger commercial farmers in investment in the countryside and the formation of local markets and sources of credit and inputs.

This process of restoration will be a long one; until it is achieved, many displaced people will find a return to their former lands impossible and, at the same time, will be attracted to the possibilities of work created by larger commercial agriculture already developing in the corridor itself. While people displaced from the areas immediately north of Vanduzi, along the road to Tete, may be drawn back to their original lands sooner than others, it is doubtful that the vast majority of those displaced over greater distances, including *regressados* from Zimbabwe, will have such an opportunity in the near future. Because many of these people will have been born, raised, and married in the area, leaving may eventually cease to be an attractive prospect.

In the case of former state-farm workers, access to the lands which they have cultivated for decades (first as laborers on colonial farms) depends upon the practices of new larger commercial farmers concerning the allocation of lands to their workers. The maintenance of reserve areas seems to be one policy alternative for addressing this insecurity of tenure. The province of Manica is in fact breaking new ground with its experiments in this regard. Creation of reserve areas is far cheaper than titling individual smallholder farmers, both for the government and for the farmers themselves. It also allows for the possibility of autonomous administration of land within the areas demarcated. But as previously stated, the legal standing of such policies is unclear. Beyond this, one important caution must be advanced. So long as reserve areas are scattered among private holdings, those working in them will have sufficient access to infrastructure, markets, and agricultural and financial inputs. If, however, the areas are large and remote, they may give rise to the

formation of "home lands," or pockets of underdevelopment, where infrastructure is insufficient and the necessary inputs absent.

The demarcation of reserve areas is only one possible way to provide greater security of tenure for smallholders. What is essential to any attempt to improve tenure security, however, is the participation of the population in the process of administration of land policy through land management institutions which ensure legitimate representation. Thus far, the divestiture process itself has been carried out exclusively at the provincial level, without representation at a more local level. This is primarily because officially recognized local-level institutions are strictly subordinated to the official government hierarchy. Local institutions of more popular legitimacy have no officially recognized standing. As a consequence, not only is security of tenure for smallholders weakened, but the possibility for social conflict over lands granted to larger commercial farmers is higher, thus undermining their security as well.

Security of tenure for larger commercial farmers is weakened by a number of other factors. The lack of clarity at the national level on the legal status of state-farm lands, their possible use in the future for resettlement of demobilized troops, and the process through which use titles to them may be obtained all complicate the picture.

In the end, however, if the authorities granting use rights to larger commercial farmers are not seen as legitimate by the local population, the possibility for conflict remains high whether titles are issued or not. Traditional institutions have already begun to reemerge in Vanduzi; in the past year, *régulos* were once again granted the right to arrange for ceremonies to bring the rain. If the reemergence of these institutions is limited to a symbolic level, the prospects for a unified discontent become great. This means that local figures of authority, mandated by the population itself, need have a say not only in the administration of family sector lands, but also in decisions regarding use rights granted to larger commercial farmers in the area. If popular local-level authorities' decisions concerning land use in the family sector are consistently threatened by land dispossessions resulting from a titling process that originates outside the community, popular participation will become hollow and meaningless, and security of tenure will be diminished for all concerned.

C. CABO DELGADO COTTON STATE FARM, MONTEPUEZ DISTRICT

The state cotton enterprise, *E.E. Algodeira Cabo Delgado*, was located largely in the districts of Montepuez, Balama, Ancuabe, Namuno, and Chiure of Cabo Delgado Province. When it closed in 1989, it had 10 production units totaling approximately 10,000 hectares.²⁷

27. The production units were: Namara (1,528 hectares), Mecute (791 hectares), Impire (857 hectares), Nropa (895 hectares), Chipembe (1,766 hectares), Nacuca (897 hectares), Perever (853 hectares), Nanjua (998 hectares), Chiure (859 hectares), and Muagide (575 hectares). Production units at Perever, Chiure, and Muagide were closed earlier due to security problems.

Theoretically the enterprise was at one time part of a scheme consisting of 400,000 hectares in Cabo Delgado and Niassa provinces. The enterprise operated from 1975 to 1989, when it was closed as a state farm and transformed into a mixed enterprise (joint venture) with the government of Mozambique as a partner in business with Lonrho of Mozambique. When the farm closed, it had a debt of more than 1 billion meticaís (approximately \$1.3 million) and a work force consisting of 200 permanent laborers and between 1,500 and 2,000 seasonal laborers.

1. THE COLONIAL PERIOD

SAGAL (*Sociedade Agrícola Algodoeira, Ltda.*), a public shareholding company of private Portuguese interests, dominated agriculture in the region during the colonial era. SAGAL started operations in 1929 and operated throughout the colonial period. The company had title to more than 23 different parcels or units of production which it directly exploited. These units were in Namara, Namuno, and Quissanga. It had a cotton-processing plant in Montepuez, and office and storage facilities in Pemba and Montepuez. The company hired labor to exploit the land and produce cotton and some food crops.

Unlike other areas exploited by private agricultural interests in Mozambique (e.g., in other areas researched in Manica and Sofala provinces), the indigenous population in Cabo Delgado did not live and farm on the same units where they labored for SAGAL. This is due, in part, to the low population density and the dispersed nature of smallholder settlements in the far north of Mozambique. Most of the laborers had plots of their own, separate from the production plots owned by SAGAL. They divided their labor time between working for SAGAL and tending their own *machambas*. Those who worked directly on SAGAL lands were transported by SAGAL from one production unit to another or in some cases from SAGAL units to the holdings of other private farms.

The cotton production regime under SAGAL was vastly different than production schemes in the central region of the colony. Most cotton growers did not "work for" SAGAL, but rather were forced to grow cotton on their holdings. Forced cotton cultivation was greatly resented by the local population because its peak labor periods conflicted directly with those of staple food crops. SAGAL controlled cotton prices in the entire region and paid African farmers considerably less than they paid Portuguese settler farmers for their crops. Nonetheless, if African farmers failed to produce the required amount of cotton, they were subject to being drafted for forced-labor projects by the colonial administration. As was the case in the central regions, traditional authorities were forced to mobilize their populations for cotton production. Resistance on their part was met with beatings and life imprisonment.²⁸

28. Allen Isaacman has detailed ways in which *camponeses* resisted the colonial cotton regime (see Isaacman 1992).

The colonial government of Mozambique granted to SAGAL a "zone of influence" covering areas of the province not exploited by other private concerns. In other words, the company had control over cotton (production, purchasing, and marketing) for the family sector. Peasant farmers received seeds and other types of limited assistance from the company and in return sold their output at prices fixed by SAGAL. Farmers reported that they had produced their own food. They used the proceeds from their sale of cotton to procure clothes, soap, tools, and other items generally from SAGAL-run shops.

SAGAL had invested heavily in a large cotton-processing plant in Montepuez. Raw cotton was brought to this plant, processed, and then shipped out through the port at Pemba to supply the Portuguese textile industry with cheap cotton.

There were other Portuguese small private farms operating in the area, particularly in the district of Chiure. Most of these farms were less than 100 hectares in size. The Portuguese firm JFS (João Ferreira dos Santos) was also operating in the southern part of the province. Although it was not farming in Cabo Delgado, it did purchase cotton from smallholders and colonial settler farmers.

In approximately 1965, the Portuguese created agricultural settlement schemes or *colonatos* in the region for Portuguese settlers. These schemes, known as the *Junta Provincial de Povoamento*, consisted of several units running along the road from Pemba to Namara.²⁹ Somewhat like other settlement schemes in the country (e.g., Chokwe), the Mozambican colonial government installed settlers on blocks of land. These blocks, usually of 100 hectares, were "sold" to settlers by the *povoamento*. No black Mozambicans were admitted to this scheme. Upon arrival, settlers received a block of land (of which 30 hectares were cleared), seeds, and a tractor (or use of a tractor). Settlers were given titles to these lands. Farmers sold their cotton to the *povoamento*, SAGAL, or JFS, and with the proceeds paid their debts to the *povoamento*. It is reported by provincial government officials that none of these farmers was able to pay off his/her debts prior to independence.

The *colonatos* were created to stimulate cotton production, but it was also hoped that they would slow the development of the nationalist movement by providing labor and other economic opportunities for the local population.

In addition, the Portuguese colonial government had established *aldeamentos* (villages) in the region. These villages, as in other areas, were established to facilitate taxation and labor extraction as well as to create strategic hamlets to quarantine the population from the nationalist guerrillas.

The region is largely made up of the Macua matrilineal ethnic group, though there are other communities represented in the area. The Macua are the largest ethnic group in

29. These units were known as the *colonatos* of Santo Izidro, Nagimbue (Nanjua), Magama, Columa, Nivacu, Nhamanhumbire, Mapupulo, Nameda, and Chipembe.

Mozambique. Prior to the establishment of colonial administrative structures, the region was divided into "zones" where land and other social relations were regulated by *mwenes*, who were at the apex of the political structure. These zones were then subdivided into units and presided over by *humus*, who were assistants to the *mwenes*. *Mwenes* and *humus* could be either men or women, but usually were men. Within this political structure the *Apawiyamune*, the mother or sister of the reigning *mwene*, held important political power within the community. At the next level down in the sociopolitical structure, maternal uncles assisted with land distribution, dispute resolution, and other social responsibilities. At the bottom rung of the structure were the family units.

Importantly, the traditional authorities could be held somewhat accountable, either directly or indirectly, by the local community. If a *mwene* or *humu* did not perform to the expectations of the community, he or she could be forced to step down. Other "religious" or spiritual leaders, sometimes referred to as "medicine men," exercised powerful social functions and could be called upon to resolve disputes.

It was reported by elders interviewed that during the colonial period few traditional authorities were replaced by direct colonial rule in Cabo Delgado. Many of the traditional leaders continued in their positions. However, their names were Europeanized and standardized as they were subordinated to Portuguese control. The *mwene* became a *régulo* (in charge of a specific zone or zones), and the *humu* became a *chefe de família* (with responsibilities for about 200 families) or *cabo* (land chief). Senior elders (most likely maternal uncles) carried on with their roles, but were now called *anciãos*.

2. INDEPENDENCE AND THE FORMATION OF CABO DELGADO STATE COTTON

Within one year of independence, most of the private farmers and *colonos* in the area abandoned their properties and left Mozambique. Much of the equipment and infrastructure of SAGAL was sabotaged upon departure. The state intervened and took over SAGAL operations as well as many other private ventures. In 1975/76, the EEACD (*Empresa Estatal Algodoeira de Cabo Delgado*) was created. EEACD took control of the area on which SAGAL formerly produced cotton and attempted to maintain the same zone of influence with the smallholder outgrowers in the area.

The state farm did attempt to assist the smallholder sector by giving some farmer seeds and fertilizer, but a strong resentment of cotton cultivation persisted from the colonial period. Local *camponeses* still commonly refer to cotton as the "mother of poverty" (see Isaacman 1992). Their arguments are persuasive. There were complaints that the seeds were not distributed on time and that not all growers received them. As with SAGAL, when farmers sold their cotton to the state, the cost of the seeds and other assistance was deducted from the value of the sale. Local farmers criticized the state because it provided few collection points—that is, sites where farmers could sell their produce to the state.³⁰

30. It is reported that the state was able to operate only 28 of 165 market sites.

Farmers within the zone of influence tended food crops on their own parcels instead of cotton. There was little incentive to produce cash crops when there were no goods to buy in the few markets that remained. Cotton production in the region plummeted.

In 1979/80, after several years of administrative problems and declining productivity, EEACD was divided into two units. One continued as EEACD, and a second, EEAC (*Empresa Estatal de Chimpbe*), was created to assume control over most of the former blocks belonging to the *colonos*. Each unit had a director.

In 1981, these two units were incorporated into a huge agroindustrial-services complex, called the 400,000 Hectare Scheme, which stretched across the entire province. The operations of the scheme ranged from piggeries to management of the Pemba airport. As one official in Pemba stated, "When they created this scheme, they were dreaming!" This amalgamation did not improve the management of the two state farms, though both enterprises continued to operate. In the same year, the government of Romania offered assistance to the 400,000 Hectare Scheme and particularly to the two state farms, EEACD and EEAC. The Romanians provided technical assistance and farm equipment. They had intended to develop 40,000 hectares within the scheme, but never carried out the plan.

Production continued to lag, and the Romanians withdrew in 1985, leaving behind equipment in a poor state of repair along with a poorly trained technical staff. The state farms were unable to secure spare parts to repair the foreign equipment. Since the central government in Maputo held control of the major cash-crop enterprises (cotton, sugar, tea, copra, and cashew), managers had difficulty implementing changes.

In 1988, the two farms were recombined under one director, though each was run by a separate management staff. In the same year, the government called for a proposal from the combined farm to streamline its operations, cut costs, and boost productivity. The farm responded with a proposal to cut the labor force and asked the government to seek out a private buyer—that is, to privatize the farm.

Throughout the period of EEACD's existence, operations were affected by security problems. Many of the production units were attacked on a frequent basis by RENAMO or bandits, forcing them to abandon or limit production. As a result the farm spent a large portion of its capital each year on security forces and military equipment. When the farm closed in 1989, it was producing cotton on only 1,040 hectares and maize on 650 hectares.

3. DIVESTITURE OF CABO DELGADO STATE COTTON ASSETS AND LAND: THE FORMATION OF A JOINT VENTURE

Provincial officials state that the central government was well aware of the problems that the farm was experiencing, but unable or unwilling to take steps to resolve them. Some provincial officials believe that the problems were largely due to the war and that after a cease-fire, production would improve. Others blame the failure of the farm on the poor quality of foreign assistance received, and still others argue that management and staff lacked

"discipline." Some acknowledge that the state simply did not have the capacity to manage such a huge scheme. Regardless, it was the PRE (*Programa de Reabilitação Económica*) that finally forced the state to take action.

The Council of Ministers did not want to lose control over certain sectors or enterprises that it viewed as "strategic," and since cotton was identified as one of these sectors, the government chose to transform EEACD into a mixed enterprise (joint venture). The only party to express an interest in the farm, its lands, the buildings, and the cotton gin was Lonrho of Mozambique (LOMACO).

In 1989, LOMACO contacted the Secretary of State for Cotton to propose a joint-venture takeover of EEACD. In the agreement, each partner was to contribute \$5 million as start-up capital. For its part, Lonrho contributed equipment and technological support. The government merely valued the existing infrastructure at \$5 million and turned it over to the joint venture. It is questionable whether this evaluation reflects the true worth of the equipment and buildings. The land that the joint venture acquired was not valued (in other words, it was given as a free good to the new company). In November 1989, a protocol agreement was signed between the two partners (see appendix 27). LOMACO was given a 25-year lease and a 5-year tax holiday. Lonrho took over management of the operation, hired new staff, and sacked most of the former supervisors.

The new company is centered in Montepuez. It has assumed control over some of the former lands of SAGAL, but not all. In addition, it controls land that was previously held by the *povoamento*.

An official of LOMACO stated that when Lonrho arrived in Montepuez, it found the equipment in a poor state of repair and the infrastructure deteriorating. Corrupt local management was skimming off credit from the bank. Production levels were poor.

The official interviewed stated that in the first year of LOMACO's operations, cultivated area rose from 700 hectares to 5,500 hectares, and production of cotton increased from 50 tons to 500 tons. In the 1991/92 agricultural campaign, the company planted 5,500 hectares of cotton and 1,500 hectares of food crops.

The LOMACO scheme has two types of production systems. One is direct production, in which the company controls over 13,000 hectares, where it employs labor to produce cotton. An additional 26,000 hectares of "reserve land," now controlled by the company, will eventually be used in direct production. It appears that the LOMACO is supposed to respect the rights of other commercial farmers in the reserve area for a period of ten years.³¹ The company does not emphasize food crops on its direct production land

31. At least one village exists within the area of direct production. This village, Sirimula, has 1,000 hectares of land around it reserved for its future use. LOMACO is supposed to respect this agreement for 10 years. At least 21 other villages have been identified within the reserve area. These

because it claims that food crops are stolen at a rate of about 40 percent of the yield.³² LOMACO has applied for a title to its direct production lands.

The second type of production system is a zone of influence where smallholder and commercial farmers are tied to a relationship of exchange with the company. LOMACO refers to this system as indirect production. This zone covers an area of 1,449,816 hectares in the districts of Ancuabe, Montepuez, Balama, and Namuno.

LOMACO is providing seeds, fertilizer, spraying services, and markets for smallholder farmers who produce cotton within LOMACO's zone of influence. The company asserts that the smallholder sector in this zone is producing about 500 kilograms per hectare.

Within the zone of influence LOMACO has attempted to "motivate" production with a system called PUPI (*Populações Unidas para Produção Intensiva*). On the former *colono* blocks, LOMACO has cleared land and installed small private farmers (*pequenos privados*). These farmers receive assistance in the form of seeds, fertilizers, pesticides, extension, and land clearing. PUPI also helps facilitate access to formal credit. Of course, these individuals must then sell their harvest to the company.

LOMACO has created a different system of "motivation" for the smallholder sector. "Traditional village presidents" have been selected by LOMACO to encourage the farmers in each village. LOMACO establishes a contract with the traditional village president whereby the village agrees to produce so many hectares of cotton and sell the cotton to LOMACO. The motivator is paid by LOMACO. In principle the company donates additional funds to the village for development, and the motivator is responsible for managing this donation. The two production systems parallel those established by SAGAL. Thus, one individual in Pemba referred to LOMACO as "neocolonial SAGAL."

In 1989, LOMACO began operations, but the first agricultural season was not until 1990/91. Although data are unavailable, in this year the company is reported to have earned a profit. In the 1991/92 season, the company reported a loss, blaming its financial condition on the fall in world cotton prices. As a result of the losses, LOMACO has not paid many farmers for the cotton they sold to the company while others were paid very late. In 1992, LOMACO requested an additional infusion of capital to meet operating costs. The company claims that Lonrho put up some cash, but that the Bank of Mozambique was unable to match the funds.

villages have not been "demarcated" by the government, but will be once LOMACO starts to move into the reserve.

32. In an interview, a LOMACO official criticized nongovernmental organizations (NGOs) working in the area because they were encouraging the production of food crops instead of cotton through their seed distribution programs. These same programs also made consumer goods available in exchange for surplus food crops.

Profit and loss are affected by the company's high operating costs. LOMACO in Montepuez spends more than 20 percent of its operating costs on security forces, which number more than 600, and military equipment, including armored vehicles to protect transport convoys.³³

4. THE FAMILY SECTOR: SMALLHOLDER AGRICULTURE

This case, like others, reveals the impact that postindependence policy had on the local social relations of production and land tenure security. Local capital investors and farmers believed that they would acquire or reacquire assets left behind by SAGAL and other private interests. They were sorely disappointed when the state assumed operations and even more so when the government continued to support cultivation of cotton. Since the government was unable to reestablish market structures and transport capacity, farmers were in many ways worse off after independence than they were during the colonial period.

When SAGAL pulled out and colonial farmers left, the local markets were greatly undermined. The state was unable to fill this void throughout the period of its operations, and the quality of life gradually became worse for many individuals.

During recent interviews, farmers, traditional authorities, and some government officials commented that the traditional power structures have persisted into the post-independence period, despite FRELIMO attempts to supplant them with official institutions. Nonetheless, it was widely held that the local people had more control over their lives in the colonial era than during the FRELIMO period. Before independence, people were able to interact with traditional authorities and continue cultural practices such as the rain ceremonies. Currently there is a desire to openly reassert traditional political power and a growing resistance to what is seen as the artificial and alien political structures created by FRELIMO.

Local political relations were turned upside down by the government's attack on traditional authorities. New political structures were created by FRELIMO, and traditional authorities were barred from all but the lowest posts. Anecdotal evidence gathered in the case study indicates that the "attack" on traditional structures tended to "compact" political power at the level of the family or clan—that is, weakening the influence of chiefs and matrilineal uncles. We hypothesize that this has weakened the rights (including those for land) and political power of women in Macua society. This is a subject that requires further research.

The *aldeamentos* in the area were turned into communal villages by FRELIMO. Although some informants comment that villagization initially had a positive impact—bringing schools, health clinics, shops, wells, and other infrastructure—most interviewed agreed that

33. In November, it was reported that LOMACO was beginning to demobilize its troops at Montepuez.

they did not like the overall historical impact of the villages and resented being told where they could live and farm.

There has been little investment in the smallholder sector in Cabo Delgado. Smallholder farmers are viewed as a source of labor for LOMACO or as outgrowers producing cotton for the company. They were never considered in the divestiture of the state enterprise—in the forming of a joint venture. In part, this is a result of the state's desire to maintain control over the cotton sector.

There is little discussion of the smallholder tenure problems that have been created by LOMACO's operations. It is assumed that as the war ends and the country becomes "secure," people will go back to their areas of origin or will move to new locales. Investments or rights that the smallholder sector may have are not considered important in relation to the needs of, and opportunities provided by, LOMACO. As a result the smallholder sector, and most likely large commercial farmers, are trapped in an inferior economic position vis-à-vis LOMACO and the state.

5. CONCERNS RAISED BY THE CASE OF MONTEPUEZ

For all intents and purposes, Lonrho controls LOMACO of Montepuez (Cabo Delgado). Profits and management are controlled by the private enterprise, and it is clear that the land controlled by the joint venture is really under the control of Lonrho. Consequently, when we speak of LOMACO in Montepuez, we are really talking about Lonrho.

LOMACO has attempted to benefit from a venture which had become highly unproductive and unprofitable. It has invested resources in what it recognizes to be an insecure environment. Still, management of LOMACO is most concerned with the short-term lease they have been granted on the land, and logically, they actively seek a longer lease or freehold title.

Mozambican officials who formerly worked for the state farm speak positively (though guardedly) about LOMACO's operations. One official stated that under LOMACO, there is more "discipline" and farms are more productive. He stated that they have things now that they did not before, that is, cars, trucks, tractors, and bicycles. He added that "there are more incentives to produce now."

Others stated that LOMACO is responsible for generating the only real economic activity in Cabo Delgado Province since 1989. They suggest that the company has created job opportunities, markets, and transport infrastructure and is responsible for an increase in agricultural production.

On the other hand, LOMACO's operations create a complex set of problems for local smallholder and larger commercial producers. In effect, many farmers in the area are in a dependent relationship with LOMACO—a relationship which the company has exploited.

LOMACO has virtual a monopoly over cotton production. The company distributes resources (seeds, pesticides, fertilizers) and provides assistance (extension, tractor services), all for a fee which it sets itself. There is no other source for these inputs and assistance, so farmers in the area are forced to do business with LOMACO. In addition, the company has total control over the purchasing of cotton. All farmers within the zone of influence and the PUPI system must sell to the company, again at a price set by LOMACO. Many private producers in the area are subject to the same constraints.

The process for determination of payment is complex and subject to abuse. The company determines the value of "assistance" given to each sector (smallholder or larger commercial farmer). The company then creates a formula, based on a minimum price for cotton set by the government, that recovers the cost of LOMACO's contributions. Many farmers complain that they do not receive the assistance that they are charged for or that the assistance they do receive is insufficient or late.

The company also determines if the cotton purchased is first- or second-rate. Second-rate cotton receives a significantly lower price. There have been accusations that LOMACO does not accurately value the cotton, especially that coming from the smallholder sector. In both cases—the evaluation of assistance and the rating of cotton—decisions are made by LOMACO. There is no independent review or arbitration. In the absence of competition, it is not difficult to see why farmers feel exploited.

There are also criticisms of the motivators or local presidents appointed by LOMACO in the zone of influence. These individuals have been accused of corruption. Money that LOMACO gives them to contribute to community development, it was alleged, stays in their pockets. Many of them are unpopular and do not represent the interests of the local smallholder sector.

Cotton cultivation is very unpopular with the local population, for most smallholders would prefer to grow food crops. LOMACO not only controls the market for cotton, it is the primary supplier of consumer goods, agricultural inputs, and food. Agricom, the parastatal agricultural marketing board, has attempted to stimulate local food production by providing alternative trading networks in which smallholders may exchange surplus food crops for clothing, hand tools, and seeds. But this, and similar initiatives by NGOs in the region, has been met with some hostility by LOMACO, which sees it as undermining incentives to produce cotton. Furthermore, these initiatives have achieved only limited success. As a consequence, most smallholders in the region are unable to provide for their own food needs.

Farmers and workers have accused LOMACO of being ruthless in its dealings with laborers. Many claim that they have no job security. One man stated that if you arrive late for work by a few minutes, the company will fire you with no questions.

Some families have been displaced from their land by LOMACO's operation, though the actual number appears to be small. Many people who live in the villages in the area of

direct production (or in the reserve area) may be displaced or "hemmed in" over the next year or two. Farmers and officials interviewed express concern about LOMACO's recent land-clearing activities. They state that LOMACO has been clearing land which it does not intend to use (or has not used). They claim that this is damaging the ecology of the area. Others suggest that LOMACO is doing this to gain control over land and to prevent smallholder farmers from using it. Whatever the case, the company's intentions remain unclear.

LOMACO has generated other types of conflicts or problems pertaining to land security. After the company has cleared land for smallholder farmers for their use in producing cotton, the farmers have sometimes resisted participating. Farmers interviewed stated that they do not feel secure on land that they themselves did not clear and that they do not want to invest in this land because the one who cleared it has the right to reclaim it at any time. A journalist stated, "LOMACO is at war with everyone in Cabo Delgado—officials, workers, private farmers, and the family sector."

There are other economic considerations raised by the case of LOMACO. It is questionable if the financial arrangements set up between Lonrho and the government will be profitable to both parties. The company was awarded highly advantageous tax and financial considerations, some of which have recently come under criticism. The company claims that it suffered a loss in the 1991/92 agricultural campaign. This would mean that the government earned a loss as well. However, others claim that through transfer pricing and "piggy-backing" (contracts awarded to Lonrho's subsidiaries), the parent company has profited well from its operations. In addition, the company has been awarded a substantial amount of land, without paying for it and without being taxed.

One economist commented that the Bank of Mozambique is financing LOMACO's current expenses, and because the company is exporting its cotton (and still claiming a loss), it is questionable whether the bank will recover its loans. There have also been questions about the financial impact of LOMACO's contractual arrangements on Mozambique's foreign exchange earnings.

Given all the problems and criticisms of LOMACO, and the fact that it does not look as though the government will profit from its partnership, an alternative arrangement might be desirable. Perhaps it would be better if the government sold its interests (including the land) to Lonrho at full market value and divested itself of its part in the joint venture. With the revenues and taxes generated, the government could invest in the region, encouraging smallholder farmers and larger commercial farmers in their attempts to grow a wider variety of crops and contribute to the food security of the region.

V. SYNTHESIS AND CONCLUSIONS

At the time of writing of this report, the Mozambican central government's stance on the issue of state-farm divestiture could best be described as tentative. From the time the government decided that divestiture of state-farm enterprises was necessary, some objectives for the process were clearly defined. These included a restructuring of the agricultural sector in favor of "family" and "private" sectors and a reduction in the debt incurred by the state agricultural sector. Other objectives were advanced but were never agreed upon. These included distribution of land to family sector farmers, displaced people, and demobilized troops, as well as the formation of a small-scale private agricultural sector.

Most officials, however, have adopted a "wait-and-see" attitude with regard to divestiture of land. Some within the government still hesitate to allow the state sector to give up its "leading role" in agriculture for either ideological or practical reasons. Others are not willing to consider or implement new laws or policies until democratic elections are held. Still others argue that decisions are not being made because some "important" people, both inside and outside government, are benefiting from the confusion created by the absence of clear policy by acquiring "free" land where possible. Nonetheless, almost everyone considers the future disposition of state-farm land to be a question in suspension.

What the case studies in this report demonstrate is that the process of divestiture of the state-farm sector is moving forward despite the absence of clear central government directives. While decentralization is recognized as an important policy objective, without a clear mandate from the central level and guidelines for the divestiture process, divestiture proceeds in a haphazard and tenuous manner. The government continues to debate who shall determine the future disposition of state-farm lands and to whom these lands will be divested, while most of the land has already been occupied. In Nhamatanda, nearly all of the lands formerly under the control of the Lamego State Farm have been claimed, and the process of application for use titles has been initiated by most of the occupants. Some occupants—former colonial landholders—have in fact "reactualized" their old titles. In Manica, much of the former lands of the Vanduzi State Farm have also been occupied and use titles solicited. While small reserve areas for smallholders—primarily *deslocados*—have been set aside, these reserves are considered temporary. In Montepuez, all of the former lands of the Cabo Delgado State Cotton Farm have been granted to the joint venture, LOMACO, on a 25-year lease. Evidence from other areas suggests that these farms are not exceptions. Land distribution/acquisition has already taken place on many, if not most, of the former state-farm sites.

Evidence from the studies of Lamego and Vanduzi (supported by evidence from Buzi, Chokwe, Sussendenga, and Gondola) indicates that in the absence of clear directives (in this regard Montepuez is an exception), provincial-level officials are taking action based on the

recommendations of such organizations as SAUE and UREA and the more visible and accessible policy debates such as the 1990 round table on state-farm divestiture or the 1990 *conselho consultivo*. These recommendations and debates have given provincial-level officials the impression that guidelines have, in fact, been established for divestiture. Since the continued operation of most farms has been made impossible by financial constraints (i.e., rising debt and unavailability of credit), provincial officials have acted on what guidelines they have seen, whether these possess official legal force or not. In the cases of Lamego, Vanduzi, and Chokwe, officials made reference to SAUE or UREA recommendations, letters from Ministry of Agriculture officials, or debates of the round table or *conselho consultivo* in justifying their actions.

The central government has, indeed, recently provided clear mandates for the liquidation of state-farm infrastructure and machinery. This process has begun in both Nhamatanda and Manica and most likely throughout the state-farm sector. In the absence of a legal framework for land divestiture, land has frequently been provided as a free good to those who purchase infrastructure, as in the cases of Lamego and Vanduzi.

In none of the three cases in this report has liquidation of land assets generated revenue for the state. Applicants for state-farm land in Nhamatanda and Manica have been allowed to occupy holdings without "purchasing" them or paying rent, while LOMACO, through the provisions of the joint venture agreement with the Mozambican government, has been granted a 25-year lease without rent and with a 5-year tax holiday. Clearly, in these three cases the government has not, to the fullest extent possible, met its objective of decreasing debt through state-farm divestiture.

In the absence of a clear legal framework for the divestiture of lands, the rights of current occupants also remain in question. In Nhamatanda and Manica, larger commercial farmers assume that they have 25-year use rights to the lands that have occupied, but have experienced difficulty in obtaining credit since their tenure rights are by no means firmly established. Even LOMACO has expressed concern about the certainty of its access rights. Investments on land are being undertaken hesitantly out of fear that returning colonial-era landholders may reclaim their land or that the government may reacquire and reallocate land as part of a postwar political and economic process. Larger commercial farmers felt that their tenure security was tenuous.

In the midst of such uncertainty among larger commercial farmers, smallholders also have not fared well. The earliest of SAUE's recommendations for state-farm divestiture mention smallholders as possible recipients of land, but little has been said of them in policy circles since then. At provincial and district levels, officials consider smallholders to be inappropriate candidates for state-farm land distribution, because they are "incapable" of exploiting the infrastructure and equipment found there. Consequently, smallholders have largely been excluded from the divestiture process except in Manica, where reserve areas for them are only temporary. (In Chokwe and Xai-Xai, rights for smallholders are constantly being reacquired and redistributed by the state. In Buzi and Marracuene, it is not clear whether the rights acquired by smallholders are permanent.) Smallholders are, in all

instances, being displaced. In some cases such displacements are from lands they occupied on a "temporary" basis as they fled the war or were forced into condensed settlements. In many other cases, however, they are being evicted from lands they have held for extended periods of time. In Nhamatanda, smallholders are being moved off of lands that bordered the state farm as private occupants of former state-farm land expand their holdings beyond the state-farm boundaries. In Montepuez, smallholders are being evicted from their holdings within LOMACO's sphere of influence as LOMACO "clears" land for cotton production and farmers refuse to cultivate cotton there. In all three cases, the rights of smallholders to continue cultivating on lands nominally held by larger interests—as they had done during the colonial and state-farm eras—were no longer clear.

In none of the three cases were local governments mobilizing smallholders to claim land on former state-farm holdings. (To our knowledge, smallholders have received land as part of divestiture only in Chokwe, Buzi, and Marracuene.) Only in Manica did smallholders have rights to former state-farm lands which were recognized by local government, and these were considered temporary. In all three cases, local officials assumed that smallholders would evacuate the area after a peace settlement and return to their areas of origin. Government's understanding of the predispositions of displaced people is generally very weak; smallholders themselves do not have a clear idea of what they will do (Myers 1992).

What this indicates is that government is not achieving the primary objectives it identified in 1983, when it called for a shift in agricultural policy away from the state sector toward smallholder agriculture. It is only minimally recovering the financial losses incurred by the state-farm sector. More importantly, it is not providing adequate support for smallholder agriculture. This failure is weakening land tenure security for smallholders and larger commercial farmers and giving rise to heightened levels of conflict over land (which will be worsened as populations relocate in a postwar environment). Weak land tenure security also discourages investment, leading to diminished productivity, food security, and environmental preservation.

One cannot ignore the problems generated for the government's agricultural policy by the ongoing war. Tremendous resources have been destroyed while other assets have been diverted to defense. Rural communities have been traumatized, institutions decimated, and lives turned upside down. Failure to recognize the constraints placed upon policymakers and rural inhabitants alike would be inaccurate and insensitive. We do not by any means wish to underestimate the magnitude of the disruption caused by decades of protracted military conflict and South African-backed destabilization in Mozambique.

Within this context, however, we suggest that the government has made mistakes which have contributed to the problems in the agricultural sector, and that it risks future errors which would seriously complicate postwar reconstruction and undermine the process of consolidating the peace. Beyond this, sustainable agricultural productivity and food security have been, and continue to be, undermined by policy confusion.

The most significant problem with government policy concerning state-farm divestiture is that it is unclear. Specifically, government has not decided what should be the process for divestiture of land, who within government should administer the process, and who the participants/recipients should be. It has solicited recommendations, debated responsibilities, and considered options; but it has not taken any concrete steps. In the meantime, processes at the local level have outpaced the government's recognition or understanding of them.

Underlying this problem, the government has not been able to settle on a general policy framework with regard to land. Current socioeconomic changes have made existing policies and laws inadequate. The government has been unable to determine at which level such a framework will be established and who will be mandated to implement policy. Consequently, the questions of what sorts of rights will be attainable and who will be permitted to hold them, and for how long, have not been decisively answered.

Opportunities have been missed as a result of these failures, including the possibilities of encouraging the emergence of small-scale entrepreneurs and establishing a more cooperative relationship with "traditional" authorities. Government policy is hindering the reestablishment of small-scale networks of commerce and finance and the emergence of small-scale capitalization within the agricultural sector. Undoubtedly, government has obstructed popular participation in decisions concerning land administration and land dispute resolution, undermining the legitimacy of official governmental institutions at the local level. Government has failed to recognize the capacity of rural society to take advantage of new economic and political opportunities and to contribute in a profound way to the social transformation of their own communities.

Some of the mistakes are irreversible. Some land, once distributed/acquired, cannot be taken back without giving rise to substantial conflict and sending dangerous signals regarding the security of tenure rights. Unfortunately, this is occurring in some locations and damaging government legitimacy.

But while errors have been committed, the nation moves on—political and economic processes continue. New decisions must be made. At the local level, there seems to be a strikingly clear understanding of this. Smallholders—for whom decisions can mean the difference between self-provision or precarious dependence upon food aid—are moving to seize new opportunities and avoid new constraints. Commercial interests look anxiously for clear signals from the government as they weigh the advantages and disadvantages of new investments. Locality-level government in some areas seeks to improve its relationship with traditional authorities, whose cooperation can ensure the success of local initiatives.

This is not to deny the complexity and urgency of the current situation. With so many different groups pursuing conflicting interests, competition over land and land-related political institutions is inevitable. In this process there will be clear winners and losers. It is not, however, a "zero-sum game." Government needs to create a legal environment in which benefits accruing to some do not unnecessarily disadvantage others, and in which individuals may protect and advance their interests within a clearly defined framework.

With so many actors (smallholders, larger private domestic and foreign interests, sub-central-level government officials, and donors) moving to pick up the pieces and reassemble rural Mozambique, the central government must now take clear and decisive steps. It is in support of such steps that we provide the following recommendations.

VI. RECOMMENDATIONS

While most of the reforms outlined below do not require major constitutional changes or new legislation, all require a commitment on the part of the government to address the problems of land policy reform in Mozambique. With this in mind, we make the following intermediate- and long-term recommendations:

A. INTERMEDIATE-TERM RECOMMENDATIONS

1. Government should make a clear pronouncement on the status of the state-farm sector and the status of each farm. If a farm is declared closed, government must move ahead with divestiture.
2. Government should continue the evaluation of state-farm divestiture. The processes of divestiture should be monitored and their impacts assessed, particularly regarding agricultural investment and land disputes.
3. Government should strictly avoid entering into joint ventures which would continue to place demands on state resources without substantial returns, and should seriously consider the privatization of its interests in existing joint ventures.
4. Government should consider demarcating some state-farm land, not yet divested, for smallholder occupation.
5. Government should create tenure security for those who have received or acquired state-farm land. Government must also create security of tenure for those who receive or acquire nonstate-farm land. This can be achieved in a number of ways in the intermediate term, including:
 - a. Make acquisitions permanent unless challenged in court. When an individual acquires state-farm land or non-state-farm land through legitimate means, he or she should have permanent control over that land unless the acquisition is later successfully disputed in a court of law.
 - b. Promote or encourage the development of "local-level" land distribution boards and land dispute boards. Invest authority over land in these institutions.

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6. Government should invest greater authority in the Ad Hoc Land Commission to study land issues and make land policy recommendations. The commission should report directly to the Council of Ministers.
7. Government should make clear pronouncements on the status of local-level traditional institutions. It is recommended that their powers be recognized and legitimated, particularly with regard to land distribution, resource allocation, and dispute resolution.
8. Government should not attempt resettlement as part of its postwar reconstruction efforts. Government should not attempt to create villages or other planned rural communities. People should be encouraged and permitted to resettle themselves.
9. Government should evaluate land use and security of tenure outside of the state-farm sector, including formerly RENAMO-held areas.
10. Government should invest in the rural sector by building roads and bridges to make agriculture a more attractive investment for all sectors.

B. LONG-TERM RECOMMENDATIONS

The following recommendations will necessitate greater legislative intervention:

11. Government should value state-farm lands before divestiture or alienation. Land should be sold to private interests, with the consent of the local population, rather than given away by the state as a free good. The proceeds should be used for the development of rural infrastructure.
12. Government should increase the capacity of DINAGECA to survey and register selected lands.
13. Government should clarify and enforce land taxation laws. Land taxes should reflect the market value of land. Proceeds could be used for rural development. These funds should be controlled by or shared with the local community.
14. Government can further land tenure security for all producers and encourage agricultural investment and sound ecological management by the following:

- a. Create secure private rights in land.³⁴
 - b. Recognize the existence of land (rights) markets and grant them legitimacy.
15. Government should implement new land laws and make constitutional reforms to give force to the above recommendations.

34. The phrase, "secure private rights in land," does not necessarily imply the immediate privatization of land. Direct privatization of land may, in fact, jeopardize existing secondary and tertiary private use rights to land.

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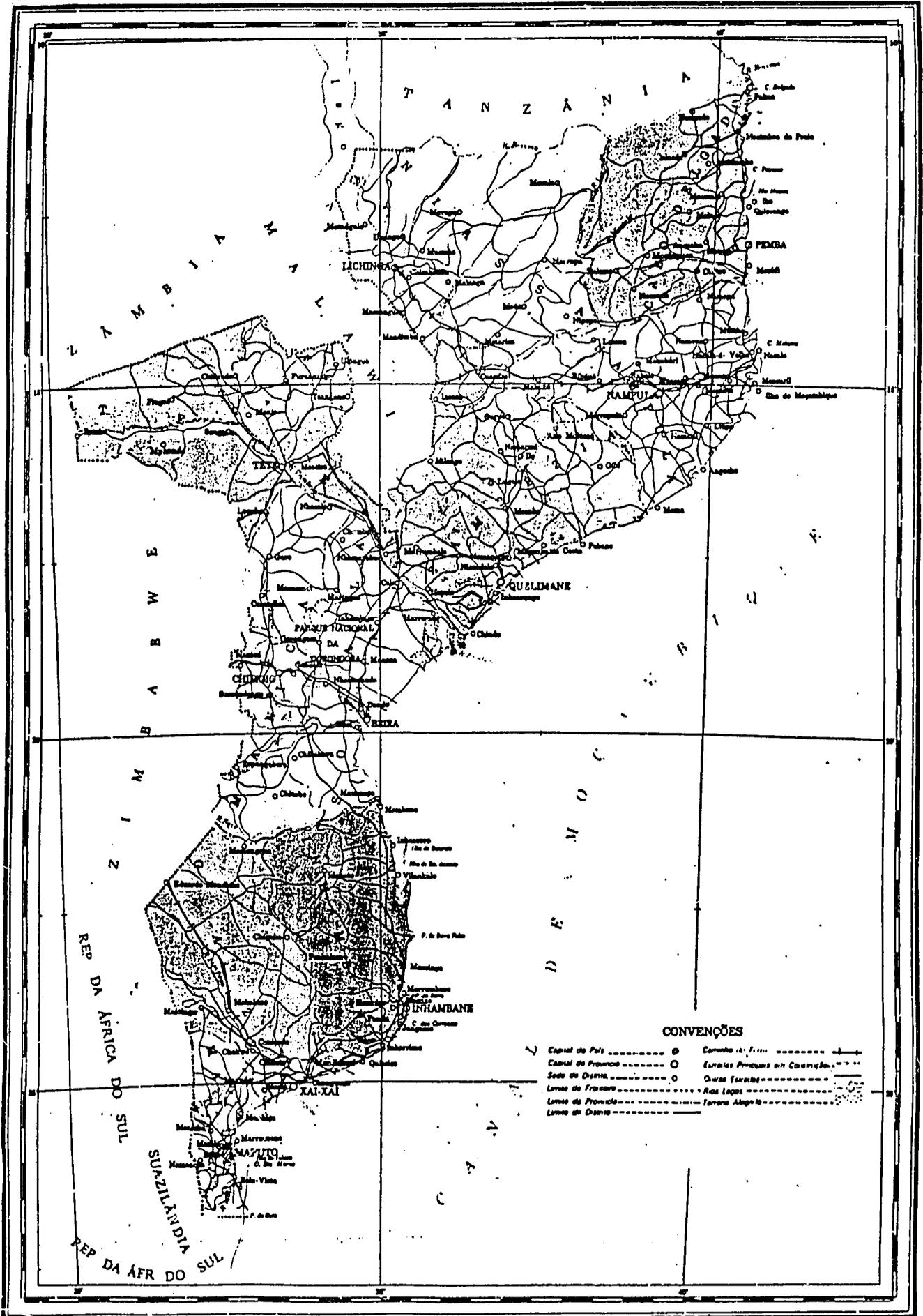
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MAP. 1

MAPA DE MOÇAMBIQUE



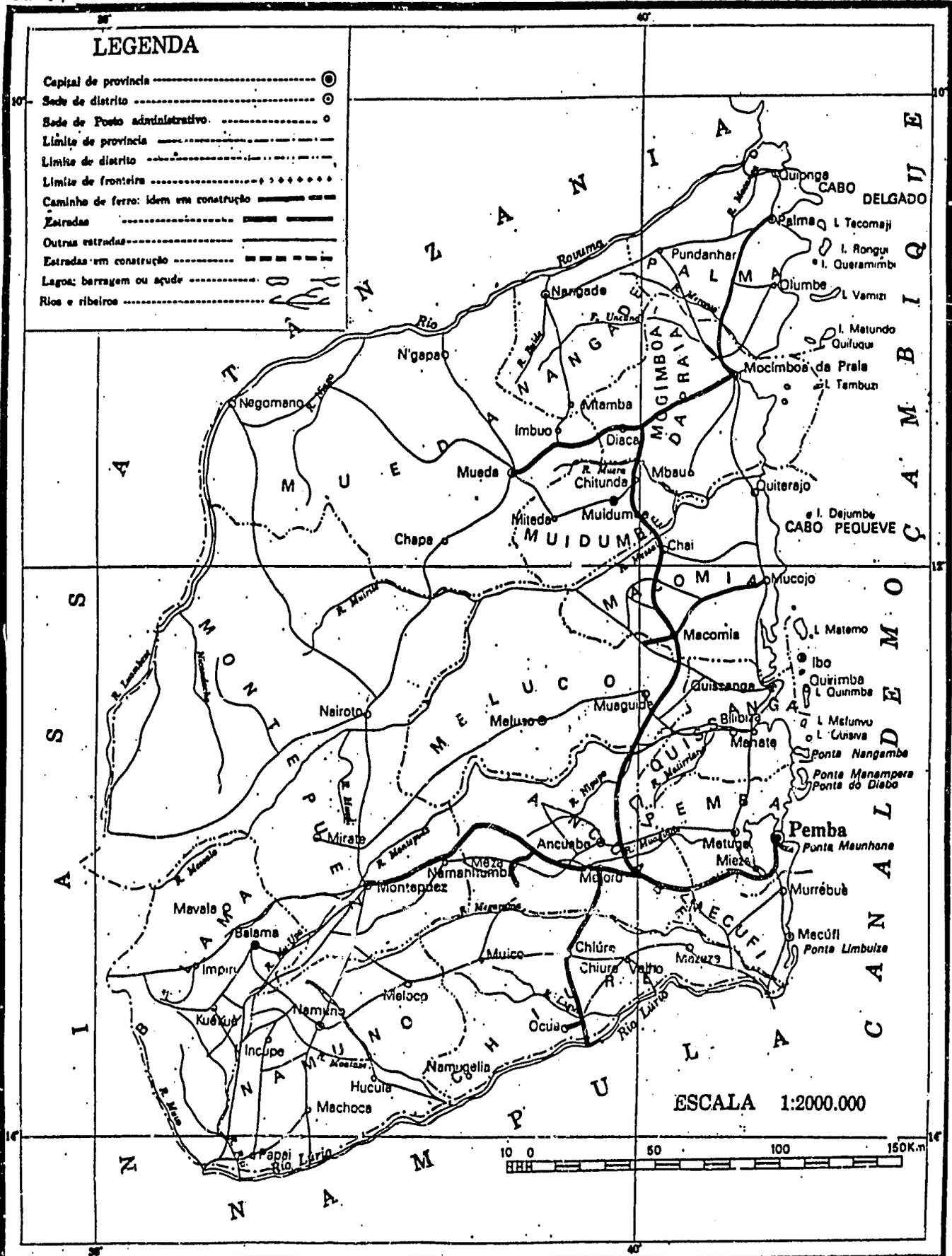
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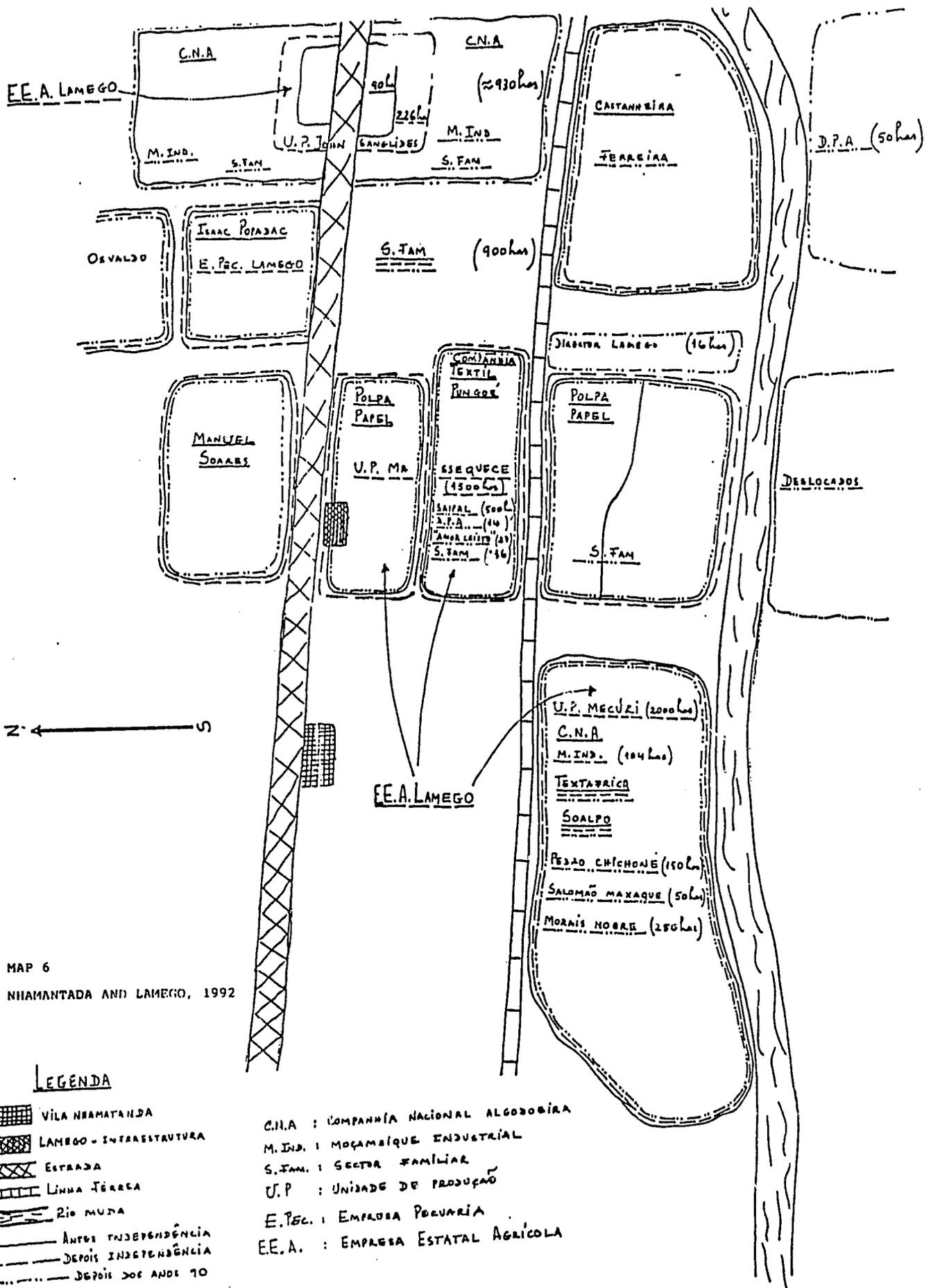
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- Canal de Foz de Rio - - - - -
- Canal de Província - - - - -
- Sede de Distrito - - - - -
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- Correio de Foz de Rio - - - - -
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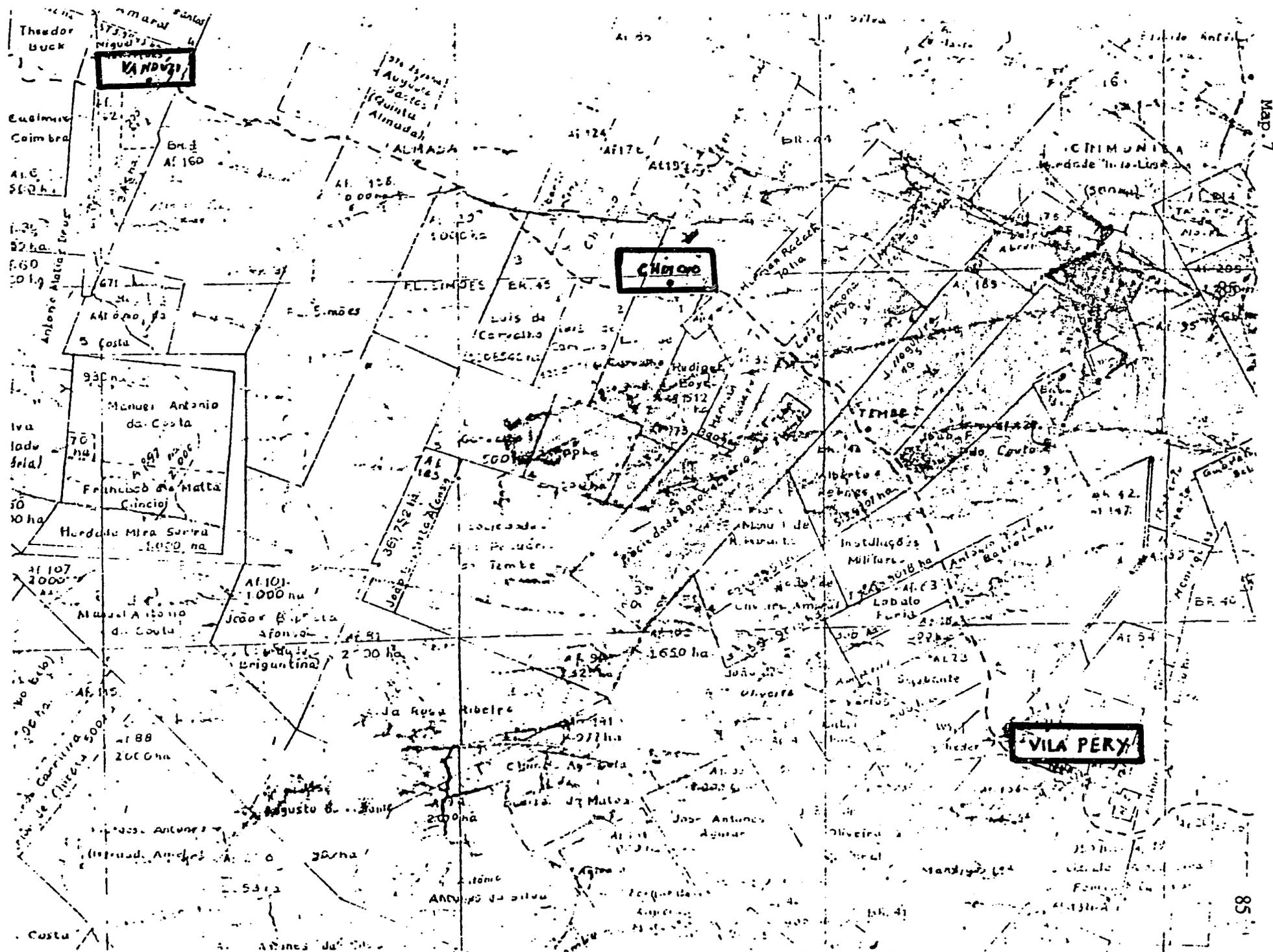
MAP.4





MAP 6
NHAMANTADA AND LAMEGO, 1992

SOURCE: LAND TENURE CENTER/MINISTRY OF AGRICULTURE, 1992



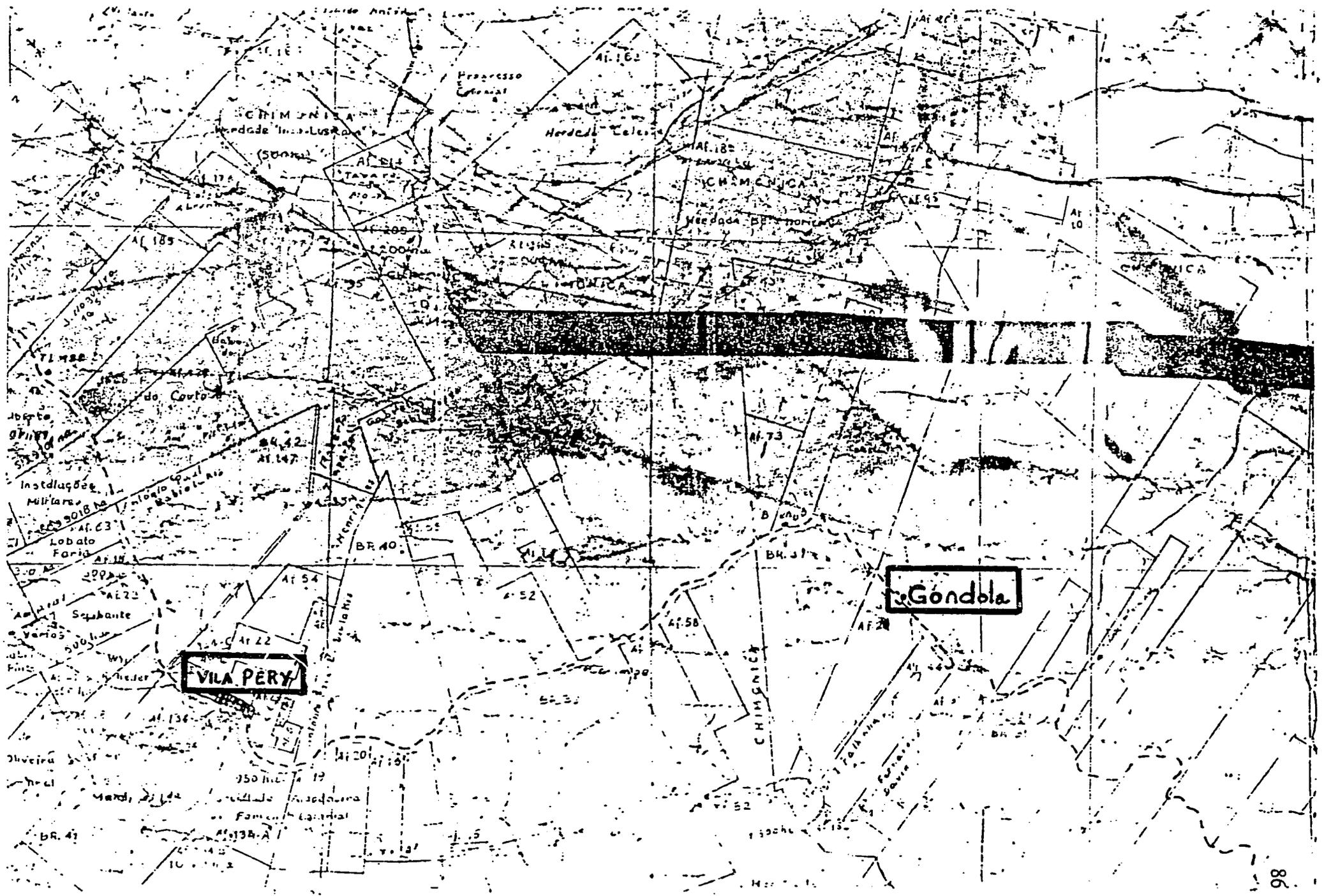
VANDUZI

CHIMORO

VILA PERY

MAP 7

85



VILA PÉRY

Gondola

